



The Arbitrage Group, Inc.

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January 28, 2025

Ms. Na'Son S. White
Comptroller
Madison County
146 West Center Street
Canton, Mississippi 39046

\$5,250,000
Madison County, Mississippi
General Obligation Note,
Series 2022
Interim Rebate Calculation For the Period
December 6, 2022 to December 31, 2024

Dear Ms. White:

Attached please find a copy of our rebate report for the above noted bonds along with our agreed-upon invoice. The report indicates there is no rebate liability as of the December 31, 2024 Interim Rebate Computation Date. Based upon the report and underlying assumptions, no IRS payment or filing is otherwise currently required.

The next Rebate Computation Date is December 1, 2025. We will be in contact at that time. 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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\$5,250,000
Madison County, Mississippi
General Obligation Note,
Series 2022

Rebate Computation for the Period
December 6, 2022 to December 31, 2024



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Madison County, Mississippi

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Series 2022

The Madison County, Mississippi ("Borrower") issued the above referenced issue ("Bonds") dated and delivered on December 6, 2022. At the request of the Borrower, we have performed the procedures enumerated below for the period December 6, 2022 to December 31, 2024 ("Computation Period"). These procedures, which were agreed to by the Borrower were performed solely to assist the Borrower in evaluating compliance with the requirements of Section 148(f)(2) of the Internal Revenue Code of 1986, as amended ("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 IRS Form 8038-G ("8038-G"), Tax Compliance and No-Arbitrage Certificate ("Certificate"), excerpts from the Specimen Note, and general ledger account detail ("GL statements"), each provided to us by or on behalf of the Borrower.
- (2) A schedule of the sources and uses of funds (Exhibit A) was assembled based upon the 8038, Certificate, and GL statements.
- (3) A schedule of the debt service requirements of the Bonds (Exhibit B) were assembled based on the Specimen Note.
- (4) The yield on the Bonds was computed to be the discount rate that causes the present value of all principal and interest payments on the Bonds to equal the Issue Price to the Public. The yield on the Bonds was computed to be 3.821039% (Exhibit B).

Madison County, Mississippi
 January 28, 2025
 Page 2

- (5) A schedule of actual earnings on the nonpurpose investments in the Project Fund purchased with gross proceeds of the Bonds during the Computation Period (Exhibit C) was assembled based on the GL statements.
- (6) The allowable earnings amount on the nonpurpose investments in the Project Fund was calculated to be the amount that the nonpurpose investments would have earned if they had been invested at a rate equal to the yield on the Bonds of 3.821039% (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. The arbitrage earnings for the Computation Period are as follows:

Trust Fund	Exhibit	Arbitrage Earnings
<u>Project Fund</u>	<u>C</u>	<u>(\$52,971.14)</u>
Computation Date Credit	D	<u>(4,116.40)</u>
Total Negative Rebate Liability		<u><u>(\$57,087.54)</u></u>

- (8) The assumptions and computational information employed in the above calculations are explained in Exhibit E.
- (9) Based on the information provided to us by the Borrower and the assumptions employed, this report shows there is no rebate liability for the Bonds as of the December 31, 2024 Interim Rebate Computation Date. This amount is subject to change due to future

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 Bonds
- C. Computation of Arbitrage Earnings on the Project Fund
- D. Computation Date Credit
- E. Assumptions and Computational Information

Debt Service Requirements and Proof of Yield on the Bonds

*Madison County, Mississippi
General Obligation Note, Series 2022*

<u>Date</u>	<u>Principal</u>	<u>Coupon Rate</u>	<u>Interest</u>	<u>Debt Service Requirements of the Bonds</u>	<u>Present Value of Future Payments at 12/06/22 Using a Rate of 3.821039%</u>
05/01/23			\$80,777.08	\$80,777.08	\$79,554.96
11/01/23	\$1,050,000.00	3.820%	100,275.00	1,150,275.00	1,111,633.93
05/01/24			80,220.00	80,220.00	76,071.81
11/01/24	1,050,000.00	3.820%	80,220.00	1,130,220.00	1,051,683.53
05/01/25			60,165.00	60,165.00	54,934.73
11/01/25	1,050,000.00	3.820%	60,165.00	1,110,165.00	994,652.97
05/01/26			40,110.00	40,110.00	35,262.87
11/01/26	1,050,000.00	3.820%	40,110.00	1,090,110.00	940,408.07
05/01/27			20,055.00	20,055.00	16,976.56
11/01/27	1,050,000.00	3.820%	20,055.00	1,070,055.00	888,820.57
	<u>\$5,250,000.00</u>		<u>\$582,152.08</u>	<u>\$5,832,152.08</u>	<u>\$5,250,000.00</u>
				Principal Amount of the Bonds	<u>\$5,250,000.00</u>

Computation of Arbitrage Earnings on the Project Fund

Madison County, Mississippi
General Obligation Note, Series 2022

Date	Principal Amounts	Actual Earnings		Total Nonpurpose Investment Activity	Future Value of Total Nonpurpose Investment Activity at 12/31/24 Using a Bond Yield of 3.821039%
		Interest	Gain (Loss)		
12/06/22	(\$5,165,375.00)	\$0.00	\$0.00	(\$5,165,375.00)	(\$5,586,238.17)
02/06/23	624,199.85	0.00	0.00	624,199.85	670,813.16
02/21/23	39,120.02	0.00	0.00	39,120.02	41,975.13
04/17/23	880,415.73	0.00	0.00	880,415.73	939,125.79
05/01/23	846,224.22	0.00	0.00	846,224.22	901,326.56
05/15/23	601,760.57	0.00	0.00	601,760.57	640,001.79
06/19/23	254,732.04	0.00	0.00	254,732.04	269,953.24
07/17/23	43,676.82	0.00	0.00	43,676.82	46,150.61
07/31/23	(17,490.70)	17,490.70	0.00	0.00	0.00
08/07/23	585,033.59	0.00	0.00	585,033.59	616,870.56
08/25/23	275,469.60	0.00	0.00	275,469.60	289,911.21
09/05/23	20,115.59	0.00	0.00	20,115.59	21,147.91
09/18/23	99,027.94	0.00	0.00	99,027.94	103,967.80
01/19/24	796,441.51	0.00	0.00	796,441.51	825,600.63
01/22/24	(8,885.43)	8,885.43	0.00	0.00	0.00
01/31/24	(34,482.88)	34,482.88	0.00	0.00	0.00
04/02/24	26,488.66	0.00	0.00	26,488.66	27,248.51
04/16/24	(1,433.34)	1,433.34	0.00	0.00	0.00
07/30/24	(1,458.60)	1,458.60	0.00	0.00	0.00
09/30/24	(1,388.85)	1,388.85	0.00	0.00	0.00
12/31/24	137,808.66	1,365.47	0.00	139,174.13	139,174.13
12/31/24	0.00	0.00	0.00	(66,505.27)	(66,505.27)
	\$0.00	\$66,505.27	\$0.00	\$0.00	(\$119,476.41)
		Actual Earnings			\$66,505.27
		Allowable Earnings			(119,476.41)
		Arbitrage Earnings			(\$52,971.14)

Computation Date Credit

*Madison County, Mississippi
General Obligation Note, Series 2022*

Date	Annual Computation Credit	Future Value of Annual Computation Credit Amounts at 12/31/24 Using a Bond Yield of 3.821039%
12/06/23	(\$1,960.00)	(\$2,040.96)
12/06/24	(2,070.00)	(2,075.44)
	(\$4,030.00)	(\$4,116.40)
	Computation Date Credit	(\$4,116.40)

Assumptions and Computational Information

*Madison County, Mississippi
General Obligation Note, Series 2022*

- (1) Present value and future value computations were made on the basis of a 30/360 day year and semiannual compounding. The Bonds constitute one issue for rebate and yield restriction purposes as detailed in the Certificate. The Bonds have also not been refunded or defeased prior to the end of the Computation Period.
- (2) A bond year ending on December 6th has been assumed for rebate computation purposes. December 6, 2027 is the first expected IRS Installment Computation Date.
- (3) In calculating the bond yield (Exhibit B-1), we have assumed consistent with the Certificate that: (i) there are no includable qualified guarantee or hedge amounts; and, (ii) the Bonds were issued at par without original issue discount or premium.
- (4) It was assumed that the only funds which were funded and contained gross proceeds of the Bonds were the Project Fund and Bond Fund as represented by the Borrower.
- (5) As detailed in the Certificate, the Project Fund was afforded an initial three-year temporary period with respect to yield. Other than the Bond Fund (as detailed below), there are no other amounts or accounts (including reserve or similar funds) pledged with respect to debt service on the Bonds to otherwise constitute replacement proceeds as detailed in the Certificate.
- (6) The transaction amounts in the Principal Amounts, Interest, and Gain (Loss) column 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) column represents the net gains and losses, if any, on investments purchased and/or sold at discounts and premiums.
- (7) It was assumed that the purchase price of each investment was at fair market value and represented an arm's length transaction, which did not reduce any arbitrage amounts otherwise deemed payable to the United States Treasury. Brokerage, acquisition, or other similar fees (if applicable) were assumed to constitute qualified administrative costs paid on the Borrower's behalf. Such fees (if any) are deemed reasonable and within applicable safe harbor limitations, which do not otherwise increase or decrease the investment yield on any includable nonpurpose investments for arbitrage purposes.
- (8) All amounts withdrawn from the bond accounts were assumed to be spent for the purpose of the bond issue on the day they were withdrawn.
- (9) Investments outstanding at the end of the Computation Period were assumed to be sold on December 31, 2024 at the purchase price of the investment plus accrued interest to that date.
- (10) The Income Tax Regulations are silent as to the treatment of imputed earnings for uninvested bond proceeds. No interest earnings were imputed on uninvested amounts, if any.
- (11) The Bond Fund (including any and all related sub-accounts) was excluded from the computation pursuant to Section 148(f)(4)(A)(ii) of the Code which excludes bona fide debt service funds, as defined in Section 1.148-1(b) of the Regulations, from the rebate computation. The Certificate indicates that the Bond Fund is intended to function as a bona fide debt service fund. We have been instructed to assume that for the entire Computation Period that this fund has in fact operated as a bona fide debt service fund and that yearly earnings were less than the \$100,000 limitation. As such, this fund has been excluded from the rebate or yield restriction analyses.