

Subject

A Complete Accounting of the Restricted Reserve Fund Account

It is troubling that the integrity of the Reserve Funds has been compromised during 2024. According to the bank statements over \$20,000 of Reserve Funds cash has been used to pay CIF bills. The express purpose of opening and funding the Rio Bank Restricted Reserve Funds MMF account was to avoid having cash misapplied to Operating or CIF activities. It is also clear that only \$3,000 of the \$25,000 2024 payment on the internally financed loan was deposited in the Rio Bank Restricted Reserve Funds MMF. Between paying CIF bills and not paying 11 of the internally financed loan payments, the account is short of cash by almost \$40,000 as of December 31, 2024.

When the Restricted Reserve Funds were originally established the cash was invested in Certificates of Deposit (CDs). Several years ago, the Association borrowed \$125,000 from the Secondary Reserve Fund to pay for the new Clubhouse roof. CDs were redeemed to provide cash to the Association for this internally financed loan. As the payments were made the cash was placed in a money market fund. In June 2023 a separate account, Rio Bank Restricted Reserve Funds MMF (#7551), was opened and gradually over the remaining months of 2023 funds were transferred into this account so that at the end of year it contained a balance of \$99,297. This, coupled with the investment in CDs totaling \$351,247, brought the balance of cash invested to slightly more than the required \$450,000.

From June 2023 through February 5, 2024, \$102,466.59 was deposited into the account. The transfers from the Operating checking account to the Restricted Reserve Fund account were designed to bring the cash balance up to \$453,000, the required amount on February 5, 2024. A \$3,000 installment payment on February 5, 2024, was included in this balance. No further payments were made from the Operating checking account to the Restricted Reserve Fund account during 2024.

Beginning in March 2024 CIF transactions were inappropriately entered in the Restricted Reserve Funds account MMF (#7551). For the ten months ended December 31, 2024, CIF Revenue of \$68,134.72 was deposited and CIF Expenditures of \$88,391.65 were paid out of the account, resulting in the unauthorized net withdrawal of \$20,256.93 which was used primarily to pay for CIF expenditures.

The required balance on December 31, 2024, in Restricted Reserve Funds, is \$475,000 (\$250,000 Primary Reserve Fund and \$225,000 Secondary Reserve Fund). Currently, the cash invested of \$435,554.03 consists of \$353,344.37 in Certificates of Deposit and \$82,209.66 in the Rio Bank MMF Reserve Fund account (#7551).

| | | |
|-------------------------------|--------------|--------------|
| Certificate of Deposit | \$200,000.00 | |
| Certificate of Deposit | 50,000.00 | |
| Certificate of Deposit | 50,000.00 | |
| Certificate of Deposit | 53,344.37 | |
| Total Certificates of Deposit | | \$353,344.37 |

| | |
|--|-----------------------------|
| Rio Bank Restricted Reserve Funds MMF | 82,209.66 |
| Total per Bank Statements | <u>435,554.03</u> |
| Required Balance | <u>475,000.00</u> |
| Required Transfer from Operating Account | <u><u>(\$39,445.97)</u></u> |

To restore the missing cash, \$39,445.97 must be transferred from the Operating account to the Rio Bank Restricted Reserve Funds MMF (#7551). By December 31, 2025, the cash invested must equal \$500,000 as the internally financed loan should be paid in full, according to the loan agreement.

Attached is a spreadsheet with all transactions that have taken place from June 29, 2023, through December 31, 2024, in the Rio Bank Restricted Reserve Fund account (#7551).

Sid & Terry Glandon
Lot 93

Alamo Country Club
11015 Rio Bank Restricted MMF
6.29.23 Through 12.31.24

| | | | | | | CIF Activity | | |
|-----------------|--|---------------|------------------|---------------------|-----------|--------------|-----------|--------------|
| Date | Description | Amount | Balance | Reserve Fund | Operating | Net Balance | Revenue | Expenses |
| 06/29/23 | Establish Account | \$10,000.00 | \$10,000.00 | \$10,000.00 | | | | |
| 06/30/23 | Interest | 0.99 | 10,000.99 | 0.99 | | | | |
| 07/13/23 | Error - Loan | (30,000.00) | (19,999.01) | (30,000.00) | | | | |
| 07/24/23 | Correction of Error - Repaid Loan | 30,000.00 | 10,000.99 | 30,000.00 | | | | |
| 07/31/23 | Interest | 15.29 | 10,016.28 | 15.29 | | | | |
| 08/31/23 | Interest | 15.31 | 10,031.59 | 15.31 | | | | |
| 09/30/23 | Interest | 14.35 | 10,045.94 | 14.35 | | | | |
| 10/31/23 | Interest | 15.85 | 10,061.79 | 15.85 | | | | |
| 11/17/23 | Transfer from Jumbo MMF | 85,000.00 | 95,061.79 | 85,000.00 | | | | |
| 11/29/23 | Payment - Internally Financed Loan | 2,000.00 | 97,061.79 | 2,000.00 | | | | |
| 11/30/23 | Interest | 81.08 | 97,142.87 | 81.08 | | | | |
| 12/28/23 | Payment - Internally Financed Loan | 2,000.00 | 99,142.87 | 2,000.00 | | | | |
| 12/31/23 | Interest | 154.58 | 99,297.45 | 154.58 | | | | |
| 01/24/24 | Temporary Loan to General Fund | (\$20,000.00) | 79,297.45 | (20,000.00) | | | | |
| 01/29/24 | Temporary Loan to General Fund | (10,000.00) | 69,297.45 | (10,000.00) | | | | |
| 01/31/24 | Interest | 169.14 | 69,466.59 | 169.14 | | | | |
| | Repayment of Temporary Loan | 30,000.00 | 99,466.59 | 30,000.00 | | | | |
| 02/05/24 | Late Payment - Internally Financed Loan 1.31.24 | 3,000.00 | 102,466.59 | 3,000.00 | | | | |
| 02/12/24 | Balance at Treasurer Transition | | | \$102,466.59 | | | | |
| 02/29/24 | Interest | 171.03 | 102,637.62 | | | \$171.03 | \$171.03 | |
| 03/20/24 | Home Sales | 4,464.00 | 107,101.62 | | | 4,635.03 | 4,464.00 | |
| 03/29/24 | Interest | 183.75 | 107,285.37 | | | 4,818.78 | 183.75 | |
| 04/08/24 | Home Sales | 4,464.00 | 111,749.37 | | | 9,282.78 | 4,464.00 | |
| 04/29/24 | Home Sales | 18,240.00 | 129,989.37 | | | 27,522.78 | 18,240.00 | |
| 04/29/24 | Mower Lease Payment | (4,234.70) | 125,754.67 | | | 23,288.08 | | (\$4,234.70) |
| 04/29/24 | Mower Lease Payment | (2,667.34) | 123,087.33 | | | 20,620.74 | | (2,667.34) |
| 04/29/24 | Mower Lease Payment | (2,710.66) | 120,376.67 | | | 17,910.08 | | (2,710.66) |
| 04/30/24 | Interest | 216.10 | 120,592.77 | | | 18,126.18 | 216.10 | |
| 05/30/24 | Home Sales | 2,280.00 | 122,872.77 | | | 20,406.18 | 2,280.00 | |
| 05/30/24 | Home Sales | 2,280.00 | 125,152.77 | | | 22,686.18 | 2,280.00 | |
| 05/30/24 | Mower Lease Payment | (1,227.60) | 123,925.17 | | | 21,458.58 | | (1,227.60) |
| 05/31/24 | Interest | 227.78 | 124,152.95 | | | 21,686.36 | 227.78 | |

Alamo Country Club
11015 Rio Bank Restricted MMF
6.29.23 Through 12.31.24

| Date | Description | Amount | Balance | Reserve Fund | Operating | CIF Activity | | |
|----------|--------------------------|------------|--------------|--------------|-----------|--------------|----------|------------|
| | | | | | | Net Balance | Revenue | Expenses |
| 06/18/24 | Home Sales | 2,280.00 | 126,432.95 | | | 23,966.36 | 2,280.00 | |
| 06/28/24 | Well Pump Repair | (1,162.00) | 125,270.95 | | | 22,804.36 | | (1,162.00) |
| 06/28/24 | Interest | 212.33 | 125,483.28 | | | 23,016.69 | 212.33 | |
| 06/28/24 | Well Pump Repair | (9,152.01) | 116,331.27 | | | 13,864.68 | | (9,152.01) |
| 07/05/24 | Home Sales | 4,560.00 | 120,891.27 | | | 18,424.68 | 4,560.00 | |
| 07/22/24 | Mower Lease Payment | (1,483.06) | 119,408.21 | | | 16,941.62 | | (1,483.06) |
| 07/22/24 | Mower Lease Payment | (2,710.66) | 116,697.55 | | | 14,230.96 | | (2,710.66) |
| 07/31/24 | Interest | 238.43 | 116,935.98 | | | 14,469.39 | 238.43 | |
| 08/06/24 | Mower Lease Payment | (1,227.60) | 115,708.38 | | | 13,241.79 | | (1,227.60) |
| 08/06/24 | Mower Lease Payment | (1,227.60) | 114,480.78 | | | 12,014.19 | | (1,227.60) |
| 08/06/24 | Mower Lease Payment | (1,483.06) | 112,997.72 | | | 10,531.13 | | (1,483.06) |
| 08/16/24 | Home Sales | 4,560.00 | 117,557.72 | | | 15,091.13 | 4,560.00 | |
| 08/26/24 | Heater - Hot Tub | (4,755.88) | 112,801.84 | | | 10,335.25 | | (4,755.88) |
| 08/30/24 | Home Sales | 2,280.00 | 115,081.84 | | | 12,615.25 | 2,280.00 | |
| 08/30/24 | Mower Lease Payment | (1,483.06) | 113,598.78 | | | 11,132.19 | | (1,483.06) |
| 08/30/24 | Mower Lease Payment | (1,227.60) | \$112,371.18 | | | 9,904.59 | | (1,227.60) |
| | Missing Data (Interest?) | 210.07 | 112,581.25 | | | 10,114.66 | 210.07 | |
| 09/20/24 | Home Sales | 2,280.00 | 114,861.25 | | | 12,394.66 | 2,280.00 | |
| 09/27/24 | Home Sales | 2,280.00 | 117,141.25 | | | 14,674.66 | 2,280.00 | |
| 09/30/24 | Interest | 201.07 | 117,342.32 | | | 14,875.73 | 201.07 | |
| 10/04/24 | Home Sales | 2,280.00 | 119,622.32 | | | 17,155.73 | 2,280.00 | |
| 10/23/24 | Home Sales | 2,545.00 | 122,167.32 | | \$265.00 | 19,435.73 | 2,280.00 | |
| 10/23/24 | Home Sales | 2,355.00 | 124,522.32 | | 75.00 | 21,715.73 | 2,280.00 | |
| 10/30/24 | Home Sales | 2,545.00 | 127,067.32 | | 265.00 | 23,995.73 | 2,280.00 | |
| 10/30/24 | Home Sales | 2,280.00 | 129,347.32 | | | 26,275.73 | 2,280.00 | |
| 10/31/24 | Interest | 195.50 | 129,542.82 | | | 26,471.23 | 195.50 | |
| 10/30/24 | Mower Lease Payment | (1,227.60) | 128,315.22 | | | 25,243.63 | | (1,227.60) |
| 10/31/24 | Mower Lease Payment | (1,227.60) | 127,087.62 | | | 24,016.03 | | (1,227.60) |
| 10/31/24 | Mower Lease Payment | (1,483.06) | 125,604.56 | | | 22,532.97 | | (1,483.06) |
| 10/31/24 | Mower Lease Payment | (1,483.06) | 124,121.50 | | | 21,049.91 | | (1,483.06) |
| 11/05/24 | Home Sales | 2,545.00 | 126,666.50 | | 265.00 | 23,329.91 | 2,280.00 | |
| 11/29/24 | Interest | 176.93 | 126,843.43 | | | 23,506.84 | 176.93 | |
| 11/29/24 | Mower Lease Payment | (1,227.60) | 125,615.83 | | | 22,279.24 | | (1,227.60) |

Alamo Country Club
11015 Rio Bank Restricted MMF
6.29.23 Through 12.31.24

| Date | Description | Amount | Balance | Reserve Fund | Operating | CIF Activity | | |
|-----------------|---------------------------------|--------------------|-------------|---------------------|---------------|----------------------|--------------------|----------------------|
| | | | | | | Net Balance | Revenue | Expenses |
| 11/29/24 | Mower Lease Payment | (1,483.06) | 124,132.77 | | | 20,796.18 | | (1,483.06) |
| 12/03/24 | Home Sales | 2,280.00 | 126,412.77 | | | 23,076.18 | 2,280.00 | |
| 12/30/24 | To Correct Deposits | (870.00) | 125,542.77 | | (\$870.00) | 23,076.18 | | |
| 12/30/24 | Triple A Electric | (382.00) | 125,160.77 | | | 22,694.18 | | (382.00) |
| 12/30/24 | Office Depot (Office Furniture) | (584.51) | 124,576.26 | | | 22,109.67 | | (584.51) |
| 12/30/24 | Amazon (Storage Racks) | (1,125.75) | 123,450.51 | | | 20,983.92 | | (1,125.75) |
| 12/30/24 | Triple A Electric | (1,137.00) | 122,313.51 | | | 19,846.92 | | (1,137.00) |
| 12/30/24 | Triple L Waterworks | (1,200.00) | 121,113.51 | | | 18,646.92 | | (1,200.00) |
| 12/30/24 | Mower Lease Payment | (1,227.60) | 119,885.91 | | | 17,419.32 | | (1,227.60) |
| 12/30/24 | Vento | (1,381.66) | 118,504.25 | | | 16,037.66 | | (1,381.66) |
| 12/30/24 | Mower Lease Payment | (1,483.06) | 117,021.19 | | | 14,554.60 | | (1,483.06) |
| 12/30/24 | ACC Activities Committee | (1,721.02) | 115,300.17 | | | 12,833.58 | | (1,721.02) |
| 12/30/24 | Texas Int'l Irrigation | (4,100.00) | 111,200.17 | | | 8,733.58 | | (4,100.00) |
| 12/30/24 | ACC Golf Committee | (5,000.00) | 106,200.17 | | | 3,733.58 | | (5,000.00) |
| 12/30/24 | AJMF (Clubhouse) | (5,100.00) | 101,100.17 | | | (1,366.42) | | (5,100.00) |
| 12/30/24 | Vento | (5,291.52) | 95,808.65 | | | (6,657.94) | | (5,291.52) |
| 12/30/24 | Texas Int'l Irrigation | (13,772.72) | 82,035.93 | | | (20,430.66) | | (13,772.72) |
| 12/31/24 | Interest | 173.73 | \$82,209.66 | | | (\$20,256.93) | 173.73 | |
| 12/31/24 | Balances | \$82,209.66 | | \$102,466.59 | \$0.00 | | \$68,134.72 | (\$88,391.65) |

**Missing Reserve Fund Transfer - Internally Financed
Loan Payments 2/1/24 - 12/31/24.**

\$22,000.00