

Subject:
Rio Bank Restricted MMF A/C #11015

Introduction

The Rio Bank Restricted MMF was established to segregate restricted cash related to the two Reserve Funds from Operating and CIF accounts. For a complete discussion on the formation and use of the Rio Bank Restricted MMF please see the forthcoming *Restricted Cash Accounts*.

Rio Bank Restricted MMF A/C #11015

For the past seven months CIF transactions have been comingled with the Reserve Funds transactions in the Rio Bank Restricted MMF. Please refer to the attached spreadsheet for the details. During this time **\$46,647.41** in CIF revenues have been deposited and **\$36,752.83** in CIF Expenses have been withdrawn, leaving a residual balance of CIF cash of \$9,904.59 on August 30, 2024. This residual should be removed from the Rio Bank Restricted MMF and placed either in the Operating account or if the Treasurer prefers, a separate CIF checking account could be used.

The current balance in the Rio Bank Restricted MMF on August 30, 2024 is as follows:

Reserve Funds (Primary and Secondary)		\$102,466.59
CIF Revenues	\$46,657.42	
CIF Expenses	<u>(36,752.83)</u>	9,904.59
Balance 8/30/24		<u>\$112,371.18</u>

There have been no cash transfers from the Operating account to the Rio Bank Restricted MMF for payments on the Internally Financed Loan. This amounts to \$14,000 (\$2,000 per month * seven months).

Restricted Cash Accounts:

The Restricted Cash Accounts consist of four Certificates of Deposit and the Reserve Funds portion of cash in the Rio Bank Restricted MMF A/C #11015. The following is a schedule of these five investments on August 30, 2024.

Certificate of Deposit	\$200,000.00	
Certificate of Deposit	50,000.00	
Certificate of Deposit	50,000.00	
Certificate of Deposit	<u>50,000.00</u>	
Total Certificates of Deposit		\$350,000.00
Rio Bank Restricted MMF		<u>102,466.59</u>
Restricted Cash Accounts		<u>\$452,466.59</u>

Article 09 of the Bylaws establishes the amount of cash that is to be set aside as the adjusted balance in the Reserve Equity Funds. On August 30, 2024, the balance was \$467,000.

Reserve Equity Funds:

Primary Reserve Fund		\$250,000.00
Secondary Reserve Fund	\$250,000.00	
Less: Internally Financed Loan	<u>(33,000.00)</u>	<u>217,000.00</u>
Reserve Funds Balance		<u><u>\$467,000.00</u></u>

The deficiency in the Restricted Cash Accounts on August 30, 2024, is \$14,533.41.

Reserve Equity Funds	\$467,000.00
Restricted Cash Accounts	<u>452,466.59</u>
Deficiency	<u><u>\$14,533.41</u></u>

To correct this deficiency, approximately \$14,500 needs to be transferred from the Operating cash account to the Rio Bank Restricted MMF A/C #11015. If all future monthly transfer payments are made on the Internally Financed Loan, there would be no reason to make any further adjustments since the balances in the Reserve Funds and the Restricted Cash Accounts will eventually grow to the original \$500,000.

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