

## TREASURER'S REPORT TO ACCOMPANY AUGUST FINANCIALS, 2018

The 8/31/2018 Balance Sheet:

- **Reserves Balance \$490,394.** Reserves' brief flirtation with half a million dollars was short-lived. The \$11,549 August drop is primarily a reflection of a \$7,500 charge for kitchen sink plumbing inspections. Upcoming, as one might expect, will be an invoice from Pavement Maintenance, Inc. for our driveway and parking lot resealing project, so it may be a while before we can raise our glasses in a toast to the half-million mark again.
- **Operating Fund Balance \$98,728.** The operating fund is up a bit (by \$5,950), a normal variation.
- **Accounts Receivable \$24,898.** The August Accounts Receivable Aging Summary appears below. The four usual suspects' balances continue to increase (collectively) by about \$2,700 a month. We have placed liens on four accounts. Two other units are in foreclosure; investigative proceedings are being conducted for one other.

2:38 PM  
09/08/18

### The Association of Unit Owners of the Quintet Condominiums A/R Aging Summary As of August 31, 2018

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
	65.07	65.07	0.00	134.14	7,751.50	8,015.78
	0.00	175.00	0.00	0.00	0.00	175.00
	22.74	379.00	0.00	0.00	0.00	401.74
	2.50	2.50	0.00	252.50	0.00	257.50
	0.00	0.00	0.00	10.00	0.00	10.00
	82.06	576.54	0.00	448.04	5,168.39	6,275.03
	79.57	1,341.37	0.00	639.31	3,226.47	5,286.72
	35.28	588.00	0.00	0.00	0.00	623.28
	31.55	631.00	0.00	0.00	0.00	662.55
	0.00	0.00	0.00	0.00	481.14	481.14
	0.00	20.00	0.00	0.00	0.00	20.00
	39.98	546.60	0.00	409.74	1,171.60	2,167.92
	0.00	10.00	0.00	0.00	0.00	10.00
	0.00	0.00	0.00	0.00	1.75	1.75
	0.00	0.10	0.00	0.00	0.00	0.10
	0.00	0.00	0.00	2.50	0.00	2.50
	25.00	0.00	0.00	0.00	0.00	25.00
	0.00	0.00	0.00	0.00	482.44	482.44
<b>TOTAL</b>	<b>383.75</b>	<b>4,335.18</b>	<b>0.00</b>	<b>1,896.23</b>	<b>18,283.29</b>	<b>24,898.45</b>

The 8/31/2018 Revenue & Expense Report:

Total operating expenses are 98% of projections, matching last month's condition. A \$4,578.66 adjustment from Tualatin Valley Water has eased the pain we felt after the summer's water main break. It will appear in the September financials. No other expenses were significant in August.

Adjusting Entries for the 2017 Fiscal Year **ACTION REQUIRED**

Schwindt & Co. – the Quintet's accounting firm – has completed adjusting entries for the 2017 audit. They are included in your packet. I encourage a motion to approve them.

**Regarding the Lobby Assessment ACTION MAY BE REQUIRED**

Last month at my suggestion, the board vacated the assessment for the lobby-remodeling project, funding it instead with a \$60,000 one-year increase over and above the annual 10% increase in reserves for 2019.

An alternative funding strategy has come to my attention, which I present here. A 3.8% increase in the reserves annual increase (bringing it to 13.8%) for five years might ease the financial burden faced by the community. The net effect would amount to a \$6 to \$8 increase in dues per unit (averaged) per month for the years 2019 through 2023.

I have been asked for a comparison of the strategies I have mentioned , inclusive of the deck-sloping expense. That comparison appears below:

The Association of Unit Owners of the Quintet Condominiums				
2019 Budget Comparisons				
9/19/2018				
	No inclusions	Including deck slope	In effect, including deck slope + lobbies	Including deck slope + lobbies/5
2018 operating budget	1,042,788	1,042,788	1,042,788	1,042,788
Projected increase - operating	9%	% at left + \$60k	% at left + \$60k	% at left + \$60k
2019 projected operating budget	1,136,639	1,196,639	1,196,639	1,196,639
2018 reserves budget	237,553	237,553	237,553	237,553
Projected increase - reserves	10%	10%	10% + \$60k	10% + \$60k/5
2019 projected reserves budget	261,308	261,308	321,308	273,308
2019 projected total budget	1,397,947	1,457,947	1,517,947	1,469,947
Increase over 2018	8%	12%	16%	13%
Average monthly dues (206 units)	566	590	614	595
Difference vs. no inclusions (monthly)	\$0	\$24	\$49	\$29

The highlighted areas of the worksheet identify a predicted \$49 increase in *average* dues for 2019 if the lobbies are funded entirely within the year, versus a \$29 increase (again, an average) if the lobbies are funded over a five-year period.

I offer the worksheet without prejudice.

**From the Finance Committee**

The Finance Committee has been meeting twice a month for the past couple of months, pursuing the November deadline for the 2019 budget. There are many challenges.

Financially, 2019 is going to be a rough year. Our general liability insurance policy, for example, is predicted to double (from \$45k to \$90k) and our water budget may increase from \$60k to \$90k. Together with sloping deck repairs and lobby remodeling, expenses in 2019 that were not encountered in 2018 total nearly a quarter of a million dollars. The Finance Committee is researching expense reductions.

<s> Tom Lichty  
Treasurer