**Overview**

The Year End Financial Report for the Seattle Colleges demonstrates a healthy financial position and has no unexpected results based on prior quarter financial reviews. Some key components include:

* Operating expenses were lower than the budgeted amount for the year.
* Tuition Revenue for the year exceeded the adjusted target amount by $848,707 with BAS Tuition Revenue also exceeding the tuition target for the year.
* The College is operating in a challenging cost environment with overall expenses rising $4.8M year over prior year. However as noted, total operating expenses were still below the amounts budgeted for FY 1415.
* Local Funds are stable with consistent cash balances.

**Financial Sustainability**

With structural uncertainties caused by the enrollment decline and the State of Washington’s budget situation, the Seattle Colleges continues to manage its budget conservatively and effectively:

* Operating expenses of $119.5 million were less than budgeted expenses of $127.4 million.
* Tuition revenue - while below last year’s total – came in at 102.5% of the revised target for 1415.
* Total reserves of $12.2 million are within our 5-10% policy requirement.
* Local funding sources remain a diversified source of revenue, however the colleges are increasingly reliant on these sources as tuition revenue declines (i.e., International Student Tuition).
* Cash balances are strong in large revenue budgets such as International Students and Grants & Contracts.
* Self-support programs continue to run positive cash balances.
* Retail and other fund balances remain in positive cash positions. Food service continues to be an area of financial concern particularly at North Seattle College.

**Operating Budget (State Funding, Tuition, and Indirect Cost Recoveries)**

* The total of all operating expenditures of $119.5M through the end of FY 1314 is at 94% of the operating budget of $127.4M.
* Labor (salary and benefit) costs are at 82% of the total annual expenditures and remain fairly consistent with 80% last year.
* Expenditures in Goods & Services (aka Non-Labor expenses) rose $1.9M year over year. The expenditures total of $21.6M this year compares to $19.7M last year. However, the $21.6M was below the budgeted amount of $25.9M for FY 1415.

**Grants & Contracts**

* International Student program revenue totaled $25.4M for FY 1415. This is a significant increase over the $16.3M reported in FY 1314. Although international student enrollment was slightly up for 1415, the majority of this change is due to the fact that the Colleges did not convert international student FTES in FY 1415. In FY 1314, more than $8 million in tuition revenue was transferred from the International Student fund to the general tuition fund as a result of the conversion. In fiscal year 1415, no conversions were made.
* Grants continue to be a strong funding opportunity for the SCC with an active balance of $42.4M at the current time. This total is a multi-year grant total of all active grants. See the Active Grants report for more detail.

**Fund Reporting**

Non-operating funds are displayed in a balance sheet and income statement format.

* Fund 522, Associated Students revenue is $3.9M which is down from $4.3M and reflects our lower enrollment this year.
* Fund 569, Food Service loss is ($139K) on revenues of $2.3M. Last year there was a gain of $94K on revenues of $2.5M. The cash working capital balance in this fund is currently ($467K).
* Fund 570, Auxiliary Enterprise revenue increased by $1.4M compared to the previous year. The revenue of $13.1M is greater than the year-to-date expenses of $10.8M and contributes to the bottom line. The cash balance is also up at $15.9M this year, compared to $15.0M last year due to an increase in the net gain in FY 1415. This fund is comprised of Intensive English Program Revenue, Rental income and other Auxiliary revenues.

**Reserves**

* Per Seattle Colleges Policy 608, the Colleges and the District Office continue to maintain accounts as required. Total reserve for the District is $12.2M and 5.9% of the aggregate total of the annual budget.