



UNIVERSITY OF SAN FRANCISCO

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USF's Internal Bank UBAC Presentation

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The Internal Bank Supports Capital Projects

What is a capital project?

- **A capital project is a type of asset acquisition or maintenance project that adds to, builds upon or improves a capital asset.**
- **In these types of projects, companies capitalize or depreciate the product.**

The Internal Bank Supports Capital Projects

What projects has the IB funded to date?

- Harney Renovation Project
- 101 Howard 1st and 4th Floors
- 101 Howard 2nd Floor
- Learning Commons Renovation
- Dispatch and Patrol
- Old Bookstore Renovation
- Sacramento Suite 360
- Sacramento 380
- Harney 406
- Harney 346 and 349

Supported Capital Projects continued

What projects has the IB funded to date?

- LMN Heat Upgrade
- LMN Windows
- Security and Systems Upgrades
- Cowell Nursing Faculty Office
- PBX Replace ITS
- Workday Human Cap Management
- Lone Mtn Dining Commons
- Lone Mtn Waste Management Facility
- Lone Mountain Viaduct

Supported Capital Projects continued

What are the planned future projects?

- **Lone Mountain Waste Management Facility**
- **Repairment of Lone Mountain Viaduct**
- **Infrastructure Technology Replacement Project**

When capital projects are funded through the IB, where does the actual money come from to pay for those projects?

Funds come in the form of restricted gifts earmarked for spending specific to purpose/criteria designated by the donor (i.e. capital projects, department support, etc.), and/or restricted unspent endowment income.

We use a portion but it ultimately has to be repaid.

It is similar to demand deposits from a bank.

Internal Bank Financial Matters

What's the effective interest rate for project loans from the IB?

- **There is no interest charged related to project loans.**
- **However, by using working capital, we can pay for projects internally rather than borrowing from a bank or issuing bonds, which would require additional debt service to be incorporated into the operating budget in order to cover the interest on the loans or bonds.**
- **We could charge interest, but it would reduce operating surplus and funds available for repayment.**

Internal Bank Financial Matters continued

What's the outstanding funding capacity of the IB and how is that determined?

- **There are three main parameters to consider:**
- **1) the university's overall cash level;**
- **2) capital projects that are necessary but are not good candidates for fundraising; and**
- **3) the reasonableness of how much each year from the operating budget going forward that could be used to pay back the internal bank.**

Internal Bank Financial Matters continued

How does the IB debt affect our debt ratios?

- The debt ratios are negatively impacted, since the Liquidity Ratio compares cash and investments (excluding permanently restricted endowment cash and investments) to total debt (including only debt with third parties).
- When cash is used to fund the projects, it decreases the amount of cash and investments on-hand, which leads to a lower ratio. The university is well above the minimum ratio requirements; however, the ratios still need to be considered when making major capital and related funding decisions in order to make sure we remain compliant and do not get close to the ratio minimums. It also protects future borrowing needs.

Internal Bank Financial Matters continued

What is the repayment plan for the IB?

- **Operating surplus' earmarked to repay the internal bank. There is no threshold where other applications of our operating surplus can be considered.**

How do you report the IB transactions to our auditing CPA firm?

- **Auditors review all University expenses which includes expenses charged to capital projects.**

Internal Bank Financial Matters continued

What is the full payment lifecycle of a project that gets funded through the IB?

- **As project funds are created and expenses are processed to each respective fund, the project fund will run into a deficit.**
- **At the end of each fiscal year, project deficit balances are reviewed and funded from the IB or other sources (i.e. gift funding).**

Internal Bank Table

Cap Projects Funded by Internal Bank 01.06.22													
Fund	Fund Description	Project exp to date	Internal bank funding as of 5/31/21	Internal bank funding as of 01/06/22	Total Internal Bank funding	Other funding sources	Project ending bal	Desmond Dair: Negative = positive cash balance Positive = negative cash balance					
610250	Hamey Renov Proj	1,326,266	(1,207,042)	0	(1,207,042)	(119,224)	0						
610260	101 Hwrd 1st and 4t	4,724,669	(4,651,147)	0	(4,651,147)	(73,522)	0						
610274	101 Hwrd 2nd Flr	348,678	(348,678)	0	(348,678)	0	0						
610280	Learning Commons Reno	3,508,643	(2,983,643)		(2,983,643)	(525,000)	0						
610284	Dispatch and Patro	1,234,426	(134,426)		(134,426)	(1,100,000)	0						
610290	Old Bookstore Reno	1,638,159	(458,159)		(458,159)	(1,180,000)	0						
610292	Sac Suite 360 Nurs	903,452	(11,452)		(11,452)	(892,000)	0						
610294	Hamey 406	294,162	(2,695)		(2,695)	(291,467)	0						
610296	Hamey 346 and 349	1,188,480	(288,480)		(288,480)	(900,000)	0						
610302	LMN Heat Upgrade	9,246,390	(8,746,390)		(8,746,390)	(500,000)	0						
610308	LMN Windows	4,585,060	(4,585,060)		(4,585,060)	0	0						
610318	Sec and Sys Upgrad	12,402,269	(12,402,269)		(12,402,269)	0	0						
610324	Sacramento 380	225,167	(10,167)		(10,167)	(215,000)	0						
610352	Cowell Nurs Fac Office	440,598	(440,598)		(440,598)	0	0						
610362	PBX Replace ITS	2,864,273	(3,637,424)		(3,637,424)	0	(773,150)						
610372	Workday Human Cap Mgmt	4,055,691	(1,645,152)		(1,645,152)	(2,410,539)	0						
610398	Lone Mtn Dining Commons	17,255,734	(7,000,000)	(1,480,734)	(8,480,734)	(8,775,000)	0						
610408	Lone Mtn Waste Management Facility	2,126,861	(4,000,000)	(2,000,000)	(6,000,000)	0	(3,873,139)						
610416	Lone Mountain Viaduct	176,612	(5,000,000)	(3,000,000)	(8,000,000)	0	(7,823,388)						
		68,545,590	(57,552,781)	(6,480,734)	(64,033,515)	(16,981,752)	(12,469,677)						
FY21 Operating Surplus													
FY20 Operating Surplus													
FY19 Operating Surplus													
FY18 Operating Surplus													
XFR fr FY17 Operating Surplus													
FY17 USF Internal Bank Xfr													
Total internal bank repayments			40,206,245		(64,033,515)								
Internal bank ending bal as of 01/06/22													
			(23,827,270)										

Desmond Dair:
 Negative = negative cash
 balance
 Positive = positive cash
 balance

Internal Bank Table Notes

- **This analysis provides a summary of all repayments to the internal bank as well as all capital projects that have been funded in part or in full from the internal bank.**
- **To calculate the current internal bank ending balance, take the sum of all capital project internal bank funding and subtract the total internal bank repayments.**
- **From the analysis, three projects remain active; PBX Replace ITS, Lone Mountain Waste Management Facility, and the Lone Mountain Viaduct.**

Internal Bank Table Notes continued

Explanation of columns:

- **Project exp to date – Total project expenditures from project inception to analysis date 1/6/22.**
- **Internal bank funding as of 5/31/21 – Total project funding from internal bank from project inception to 5/31/21.**
- **Internal bank funding as of 1/6/22 - Total project funding from internal bank from 5/31/21 to analysis date 1/6/22.**
- **Total Internal bank funding – Cumulative project funding from project inception to analysis date 1/6/22.**
- **Other funding sources – Project funding from other sources such as restricted gifts.**
- **Project ending balance – Remaining cash balance of each project fund. Negative amount reflects a project fund with a positive cash balance.**