

**IRVING CONVENTION AND VISITORS BUREAU
GENERAL AND RESERVE FUND POLICY**

The Irving Convention and Visitors Bureau (ICVB) maintains three reserve funds, in addition to an operating (General) fund.

GENERAL FUND OPERATING RESERVES

The ICVB's major source of revenue is the City of Irving hotel tax which is remitted to the ICVB on a quarterly basis. In order to sustain a sufficient cash flow, the ICVB maintains a fund balance of 90-120 days of operating expenditures. Funds above this level may be used to supplement the operating budget as needed, accommodate un-budgeted priorities approved by the Board that may arise during the fiscal year, or may be transferred to other funds as authorized.

NOTES: There is a goal of \$2 million for the Fund Balance.

ICVB RESERVE FUND

This Reserve Fund was originally established to build the Center for the Arts and Irving Convention & Visitors Bureau Office Complex (now known as the Irving Arts Center). After the office portion of the Arts Center was built, and prior to the incidents of 9-11, the fund was used primarily for budget adjustments and to fund additional opportunities that arose during the fiscal year. After 9-11, the ICVB adopted a long-term reserve fund strategy to maintain 6 months of operating funds in this account by FY 2008-09. This provides for business continuity for the ICVB in the event of another incident similar to 9-11, as well as to better protect the organization because of the volatility of this revenue stream. This fund's primary purpose is as a Catastrophic Reserve, to protect the ICVB from events beyond the control of the organization which substantially and negatively impact funding for operations.

This fund is funded by transfers from the General Fund.

NOTES: In FY 2010-11, the City of Irving reduced the ICVB Reserve Fund balance for \$2.136 million to \$20,000 to fund the November 2010 Irving Convention Center debt service payment. It is a priority for the Board of Directors to replenish this operating Reserve Fund as revenues allow. In 2019-20, the balance of the ICVB Reserve was transferred to the ICVB General Fund to supplement operations in the face of COVID. The new goal for this fund is \$5 million.

ICVB COMPUTER REPLACEMENT FUND

Funding in this account is used to replace bureau computer hardware and systems, including large software packages (such as the CRM system) and other technology-related upgrades.

This fund is funded by transfers that are budgeted annually from the General Fund. Funding is calculated using a depreciation schedule based on the estimated life of each asset.

NOTES: This fund was used to supplement the Convention Center technology infrastructure at a level of \$200,000 in 2010, and has since been reimbursed. In 2019-20, the balance of the ICVB Reserve was transferred to the ICVB General Fund to supplement operations in the face of COVID. The goal for this fund is \$300,000.

ICVB CONVENTION CENTER CAPITAL PROJECTS FUND (formerly the ICVB BUILDING FUND)

The ICVB Building Fund was originally established in 1995 to build a proposed visitor center and new home for the ICVB on a site on Decker Drive purchased for that purpose by the CVB. In 2001-02, the

Board determined that a higher priority would be to build a facility that would drive new demand, not simply serve existing visitors. The Decker Drive site was sold and the fund re-prioritized for the Convention Center. Funding in this account supplemented the pre-opening marketing budget and construction of the Convention Center. In the adoption of the 2011-12 budget, the Building Fund was re-prioritized and renamed as the Convention Center Capital Projects Fund. Its purpose is to now provide funding for repair and replacement projects and the capital improvement program for the Irving Convention Center. End-of-project savings from project bond funds were used to establish this fund.

Capital items with a “useful life” of one year or less should be considered an annual operating expense; anything over one year “useful life” should be expensed through the reserve fund.

This fund has historically been funded by transfers from the General or Reserve Funds. Any savings achieved annually in the operating subsidy should be transferred to this fund upon completion of the annual audit, unless otherwise directed by the Board.

NOTES: This fund should maintain a minimum rolling balance of \$3 million to accommodate planned capital improvement/repair and replacement priorities, as well as any unplanned but necessary expenditures. (PricewaterhouseCoopers study recommended a minimum contribution of 1% of construction costs be maintained for these purposes.) In 2019-20, the balance of the ICVB Reserve was transferred to the ICVB General Fund to supplement operations in the face of COVID.