VISIT GREATER PALM SPRINGS

Annual Financial Report

Year ended June 30, 2023

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Year ended June 30, 2023

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FINANCIAL SECTION

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Independent Auditor's Report

JPA Executive Committee
Visit Greater Palm Springs
Rancho Mirage, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Visit Greater Palm Springs (VGPS), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise VGPS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of VGPS, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VGPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in Note 1 to the financial statements, during the year ended June 30, 2023, VGPS implemented Governmental Accounting Standards Board (GASB) Statement No. 96 Subscription-Based Information Technology Agreements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

VGPS's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VGPS's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VGPS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VGPS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information* and *pension and other post-employment benefit schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited VGPS's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, on our consideration of VGPS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VGPS's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
May 31, 2024

This discussion and analysis of Visit Greater Palm Springs (Visit GPS) financial performance for the year ended June 30, 2023, provides a comparison of the current year to prior year ending results in a narrative format. It includes an analysis of Visit GPS's financial position and results of operations to assist in evaluating the Visit GPS's financial performance, as well as a discussion of significant changes that have occurred in funding. In addition, it describes the major changes in assets and liabilities. The discussion and analysis concludes with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or results of operations. We encourage readers to read the information presented here in conjunction with our financial statements.

FINANCIAL HIGHLIGHTS

Over 90% of Visit GPS's revenues are based on the lodging revenues in Coachella Valley, so are intrinsically linked to overnight travel to the area. Visit GPS experienced record setting revenues in the prior year due to pent up demand for travel caused by the COVID-19 pandemic. The desire for travel continued to increase into the current year resulting in new record high revenues in 10 of the 12 months. This led to the highest year of revenues in the organization's history.

Governmental fund expenditures increased by 45% compared to the prior year. Expenses were still below revenues for the year despite this dramatic increase in spending. Fund net positions increased by $8 million combined.

The highlights below reflect the results of this record year of visitor travel to the area:

- Total revenues increased by $3,112,035 (10.9%) largely due to increased Tourism Business Improvement District (TBID) assessment collections.
- Rising interest rates resulted in net investment income of $411,903 compared to a loss of $297,905 in the prior year.
- The $7,615,009 (20.9%) increase in total assets was primarily the result of a $7,212,265 increase in cash and investments.
- $756,822 in grant funds on deposit from the County of Riverside were utilized for tourism promotion. This increased revenues and accounted for most of the reduction in total liabilities.
- The net position increased from $27,784,870 to $35,952,729 during the year. This $8,167,859 (29.4%) increase resulted from record setting revenue levels combined with expenses less than budgeted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of Visit GPS as a whole and presents a long-term view of the Visit GPS's finances. The following Fund financial statements for government activities presents how Visit GPS services were financed in the current year as well as what balances carry over for future spending. Fund financial statements report Visit GPS's operation in more detail than the government-wide statements by providing information about Visit GPS's General Fund and TBID funds. This report also contains notes to the financial statements, which is additional information to the basic financial statements.

REPORTING VISIT GPS AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information as a comparison to the previous fiscal year for Visit GPS as a whole. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the year's revenues and expenses (changes in net position) are taken into account regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that may result in cash flows in future fiscal periods. Our analysis of these statements is reflected in Table 1 and 2 following.

REPORTING VISIT GPS'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by JPA Executive Committee direction. However, management established other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain resources. Visit GPS maintains two governmental funds: the General Fund and TBID. The primary sources of funding are from the Tourism Business Improvement District; the history of which can be found below.

The second most significant source of funding is from Coachella Valley cities and the County of Riverside. This funding is based on a formula applied to local lodging revenues. The Agua Caliente Band of Cahuilla Indians makes a voluntary contribution on a quarterly basis.

The final source of funding is private funds. This includes revenue received through partnership, event hosting, advertising cooperatives, joint share participation with stakeholders, and interest.

Governmental funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of Visit GPS’s general operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Visit GPS’s programs.

The General Fund is comprised of public funding and private funds. The General Fund combines these two funding sources as there are not restrictions on how these funds are disbursed. TBID funds are accounted for separately and used for programs benefiting lodging establishments that are assessed and pay TBID.

2008 TBID Funds – In June 2008, Visit GPS requested that the County of Riverside form the Palm Springs Desert Resort Communities Tourism Business Improvement District (TBID). This funding source was assessed on hotels with 50 or more rooms within the defined eight cities and specified areas in the unincorporated part of the County of Riverside. An assessment of two percent on gross room sales was approved and was collected by the County of Riverside and remitted to Visit GPS.

2013 TMD Funds – The Tourism Marketing District Assessment was created in June 2013 with collection beginning on August 1, 2013. This funding source was assessed on hotels with 50 or more rooms within the defined eight cities and specified areas in the unincorporated part of the County of Riverside. An assessment of one percent on gross room sales was collected by Visit GPS. The purpose of this funding source was to promote the assessed businesses as tourism visitor destinations and to fund projects, programs, and activities through an enhanced sales and marketing/media plan that specifically benefits the assessed businesses by generating room night sales.

2016 TBID Funds – On June 17, 2016, the Joint Powers Authority Executive Committee of Visit GPS held a public hearing and voted to establish a three percent Tourism Business Improvement District (TBID) assessment on gross short-term rental revenue to replace the current two percent Business Improvement District and the one percent Tourism Marketing District Assessment.

2021 TBID Funds - Coachella Valley vacation rental lodging owners and representatives successfully petitioned to be included in the TBID effective July 1, 2021. All vacation rentals located within the TBID boundaries began contributing 1% of gross rental revenue for short-term stays as of this date.

VISIT GPS AS A TRUSTEE

Reporting Visit GPS's Fiduciary Responsibilities

Visit GPS is the trustee, or fiduciary, for its employee pension plan and the Greater Palm Springs Tourism Foundation. The fiduciary activities are reported separately in the fiduciary fund financial statements. These activities are excluded from the other financial statements, as Visit GPS cannot use these assets to finance its operations. Visit GPS is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements follow Visit GPS financial statements in this report.

OTHER PROVIDED INFORMATION

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in this report immediately following the financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Visit GPS's budgetary performance of the two governmental funds. Additional information is presented concerning Visit GPS's progress toward funding its obligation to provide pension benefits to its employees. The required supplementary information can be found following the notes to the financial statements.

Table 1
Comparison of Net Position
June 30, 2023 and June 30, 2022

	Governmental Activities			
	2023	**2022**	**$ Change**	**% Change**
Assets				
Current and Restricted Assets	$ 42,039,982	$ 34,538,284	$ 7,501,698	21.72%
Capital Assets (net of depreciation)	1,976,296	1,862,985	113,311	6.08%
Total Assets	44,016,278	36,401,269	7,615,009	20.92%
Deferred Outflows of Resources	1,076,892	1,243,422	(166,530)	-13.39%
Liabilities				
Current Liabilities	2,758,712	3,266,532	(507,820)	-15.55%
Long-Term Obligations (includes OPEB)	4,702,786	5,108,899	(406,113)	-7.95%
Total Liabilities	7,461,498	8,375,431	(913,933)	-10.91%
Deferred Inflows of Resources	1,678,943	1,484,390	194,553	13.11%
Net Position				
Net Investment in Capital Assets	1,872,305	1,862,985	113,311	6.08%
Restricted for Tourism Related Activities	35,661,469	28,202,853	7,460,161	26.45%
Unrestricted	(1,581,045)	(2,280,968)	594,387	-26.06%
Total Net Position	$ 35,952,729	$ 27,784,870	$ 8,167,859	29.40%

Current and Restricted Assets

An increase in cash and investments during the year accounted for most of the increase in current and restricted assets. This resulted from revenues exceeding the amount of expenses by $8,009,518 for the year as shown in Table 3 below.

Capital Assets

Accounting in compliance with Government Accounting Standards Board (GASB) pronouncement 96 was adopted during the year. This new accounting standard requires that certain subscription-based computer software be recorded as capital assets (previously these were recorded as expenses). This resulted in at $131,555 increase in net capital assets.

As part of Visit GPS green initiatives, artificial grass was installed to replace real grass for the building's landscaping and LED lighting installed throughout the building's interior at a combined cost of $74,903 (net of rebates). An additional $59,757 was expended on building air conditioning unit replacements, cubicles, and office furniture. The depreciation expense for the year was $164,864. Additional information regarding Visit GPS's capital assets can be found in Note 4 to the financial statements.

Current Liabilities

Visit GPS received a $1,759,375 grant from Riverside County for the Tourism Recovery Program in June 2022. $756,822 of these grant funds were expended during the current year. Liabilities were reduced as a result.

Long-Term Obligations

Visit GPS's largest liability, Other Post-Employment Employee Benefits (OPEB), decreased from $4,077,878 to $3,489,295 during the year. Increasing interest rates used to calculate this liability were the primary driver in this $588,583 decrease. Additional information regarding the OPEB liability can be found in Note 6 to the financial statements.

Table 2
Comparison Changes in Net Position
Fiscal Years Ending June 30, 2023 and June 30, 2022

	2023	2022	$ Change	% Change
Revenues				
Public Source Revenue - City/County	$ 2,812,790	$ 3,057,785	$ (244,995)	-8.01%
Public Source Revenue - TBID	26,534,144	25,020,816	1,513,328	6.05%
Private Revenues - Charges for Services	1,156,416	779,344	377,072	48.38%
Other Revenues	1,168,725	1,986,094	(817,369)	-41.15%
Total Revenues	31,672,075	30,844,039	828,036	2.68%
Expenses				
Administration - Including Interest Expense	2,949,927	2,079,513	870,414	41.86%
Partnerships	2,617,419	1,071,619	1,545,800	144.25%
Marketing	10,090,323	7,338,998	2,751,325	37.49%
Tourism Development	2,088,174	2,586,307	(498,133)	-19.26%
Convention Sales and Services	5,758,373	3,678,325	2,080,048	56.55%
Total Expenses	23,504,216	16,754,762	6,749,454	40.28%
Change in Net Position	$ 8,167,859	$ 14,089,277	$ (5,921,418)	-42.03%

Table 3
Combined Governmental Fund Activity Comparison to Prior Year
Fiscal Years Ending June 30, 2023 and June 30, 2022

	Governmental Activities			
	2023	**2022**	**$ Change**	**% Change**
Revenues by Type				
City Funding	$ 2,812,790	$ 3,057,785	$ (244,995)	-8.01%
TBID	26,534,144	25,020,816	1,513,328	6.05%
Grants	756,822	-	756,822	
Private Revenue	1,568,319	481,439	1,086,880	225.76%
Total Revenues	31,672,075	28,560,040	3,112,035	10.90%
Expenditures by Type				
Labor	8,769,546	6,682,823	2,086,723	31.23%
Advertising and Brand Production	428,022	616,448	(188,426)	-30.57%
Media Placement & Digital Marketing	6,196,742	4,188,054	2,008,688	47.96%
Collateral Material	71,468	52,693	18,775	35.63%
Familiarization Trips	765,953	214,630	551,323	256.87%
Trade Shows/Sales Missions	990,120	736,901	253,219	34.36%
Travel and Lodging	44,404	22,924	21,480	93.70%
Special Promotions & Representation	2,414,130	1,368,456	1,045,674	76.41%
Collection Fees	144,294	159,758	(15,464)	-9.68%
Event Hosting	944,390	436,428	507,962	116.39%
Research	732,632	365,885	366,747	100.24%
IT - Information Technology	144,993	45,659	99,334	217.56%
Professional Fees	299,027	181,708	117,319	64.56%
Overhead	1,508,282	1,114,126	394,156	35.38%
Capital Outlay	174,184	94,838	79,346	83.66%
Debt Service - Principal & Interest	34,370	-	34,370	
Total Expenditures	23,662,557	16,281,331	7,381,226	45.34%
Change in Fund Balance	$ 8,009,518	$ 12,278,709	$ (4,269,191)	-34.77%

This table provides a comparison of the fund level activity as derived from governmental funds.

Revenue by Type

Most of the organization’s revenues are tied to Coachella Valley lodging revenues. Pent-up demand for travel experienced immediately after the COVID-19 “lockdown” resulted in record setting revenue levels in the prior year. Demand continued into the current year with travelers willing to pay historically high rates.

Private revenue was higher than the prior year primarily due to the significant rise in interest rates during the current year. The $411,903 in investment income was a $709,808 improvement over the prior year loss of $297,905.

Expenditure by Type

Several new staff positions were added during the year to manage the expanded sales and marketing efforts created from the increased availability of funds. This resulted in an increase in labor costs.

People continued to enjoy the freedom to travel into this second post-pandemic year. Consumers generally still had accumulated savings acquired during the pandemic and many were willing to spend it on travel. Advertising and marketing efforts were escalated to channel demand to the Greater Palm Springs destination.

The organization had invested in creating additional evergreen marketing assets in the prior year. This allowed for lower marketing production costs in the current year, despite increased spending on advertising placements and digital marketing.

The group meetings market lagged the leisure travel market rebound in the first year post-pandemic. Group business regained momentum in the current year. This resulted in increased familiarization trip activity and expenses. Additional tradeshows and events were attended to capitalize on this growing demand for in-person meetings.

International representation was curtailed during the pandemic. International borders opened more slowly than domestic, so representation services were in less need in the prior year. The current year reflects representation expenses restored to normal levels.

The biggest challenge local hoteliers faced post-pandemic was having sufficient staff. To address this issue, Visit GPS launched a workforce development campaign. Other new special promotions included initiatives related to sustainability, DEI, and cultural tourism.

Visit GPS increased the number and type of events it hosted to create further enticements for leisure traveler visitation. The use of hotel rebates was expanded to further attract group meetings.

New research studies and data was invested in during the year. For example, research for the short-term vacation rental market was conducted and a feasibility study was performed for adding a sports complex in the area.

Information Technology expenses were unusually low in the prior year due to fewer website modifications being required. The cost returned to a more typical level in the current year.

Professional fees increased due to additional support needed for media relations and strategic plan development.

Increased staffing resulted in an increase to Overhead expenses. Most overhead expenses were impacted, such as, employee training, auto mileage, office supplies, building expenses, recruiting expenses, professional dues, postage & shipping, and employee relations. Several computers were also replaced.

Final Analysis

The heightened travel demand and lodging rates travelers are willing to pay has remained strong since the pandemic. This has resulted in record levels of Visit GPS revenues and significant increases in Fund balances.

Current forecasts suggest the number of leisure travelers visiting the area and lodging rates will level off or possibly decline slightly. The group meetings market is showing less signs of softening. It appears the post-pandemic travel surge has run its course and a normalizing trend is currently anticipated.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Visit GPS's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Vice President of Finance & Administration at info@visitgreaterps.com or by U.S. mail: Visit Greater Palm Springs 70100 Highway 111, Rancho Mirage, California 92270.

VISIT GREATER PALM SPRINGS

Statement of Net Position

June 30, 2023
(with comparative information for prior year)

	Governmental Activities	
	2023	2022
Assets:		
Cash and investments (note 2)	$ 36,745,181	29,563,175
Restricted cash and investments (note 2)	441,701	411,441
Receivables (note 3)	2,976,410	2,862,632
Interest receivable	73,300	17,776
Due from other governments	556,571	930,685
Prepaid items	1,090,512	729,135
Stores inventories	156,308	23,440
Capital assets not being depreciated (note 4)	45,200	45,200
Capital assets being depreciated, net (note 4)	1,931,096	1,817,785
Total Assets	44,016,279	36,401,269
Deferred Outflows of Resources:		
Deferred outflows related to OPEB (note 6)	336,906	449,020
Deferred outflows related to pension (note 7)	739,986	794,402
Total Deferred Outflows of Resources	1,076,892	1,243,422
Liabilities:		
Accounts payable	1,263,819	1,013,864
Due to other governments	33,683	30,147
Accrued expense	242,967	246,184
Unearned revenue	1,214,561	1,976,337
Interest payable	3,683	-
Noncurrent liabilities:		
Due within one year:		
Compensated absences, current portion (note 5)	190,037	172,703
Subscription liability, current portion (note 5)	21,848	-
Due in more than one year:		
Compensated absences, noncurrent portion (note 5)	341,042	339,438
Subscription liability, noncurrent portion (note 5)	82,143	-
Total OPEB liability (note 6)	3,489,295	4,077,878
Net pension liability (note 7)	578,421	518,880
Total Liabilities	7,461,499	8,375,431
Deferred Inflows of Resources:		
Deferred inflows related to OPEB (note 6)	1,343,402	980,154
Deferred inflows related to pensions (note 7)	335,541	504,236
Total Deferred Inflows of Resources	1,678,943	1,484,390
Net Position:		
Net investment in capital assets	1,872,305	1,862,985
Restricted for:		
Tourism related activities	35,661,469	28,202,853
Unrestricted	(1,581,045)	(2,280,968)
Total Net Position	$ 35,952,729	27,784,870

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Statement of Activities

Year ended June 30, 2023
(with comparative information for prior year)

Function/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Contributions and Grants	Net (Expense) Revenues and Changes in Net Position: 2023	Net (Expense) Revenues and Changes in Net Position: 2022
Governmental Activities:					
Administration	$ 2,946,244	-	80,234	(2,866,010)	(2,079,513)
Partnership	2,617,419	713,292	-	(1,904,127)	(811,187)
Marketing	10,090,323	315,749	298,225	(9,476,349)	(7,007,765)
Tourism development	2,088,174	10,700	-	(2,077,474)	(2,488,612)
Convention sales	5,758,373	116,675	378,363	(5,263,335)	(3,588,341)
Interest expense	3,683	-	-	(3,683)	-
Total	$ 23,504,216	1,156,416	756,822	(21,590,978)	(15,975,418)
		General revenues:			
		City funding		2,812,790	3,057,785
		Assessments		26,534,144	25,020,816
		Investment income (loss)		411,903	(297,905)
		PPP loan forgiveness		-	2,283,999
		Total general revenues		29,758,837	30,064,695
		Change in net position		8,167,859	14,089,277
		Net position, beginning of year		27,784,870	13,695,593
		Net position, end of year		$ 35,952,729	27,784,870

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Balance Sheet - Governmental Funds

June 30, 2023
(with comparative information for prior year)

	General Fund	TBID Special Revenue Fund	Totals 2023	Totals 2022
Assets:				
Cash and investments	$ 3,670,576	33,074,605	36,745,181	29,563,175
Restricted cash and investments	441,701	-	441,701	411,441
Receivables	417,015	2,559,395	2,976,410	2,862,632
Interest receivable	8,452	64,848	73,300	17,776
Due from other governments	556,571	-	556,571	930,685
Prepaid items	110,336	980,176	1,090,512	729,135
Stores inventories	156,308	-	156,308	23,440
Total Assets	$ 5,360,959	36,679,024	42,039,983	34,538,284
Liabilities:				
Accounts payable	$ 428,614	835,205	1,263,819	1,013,864
Due to other governments	33,683	-	33,683	30,147
Accrued expense	60,617	182,350	242,967	246,184
Interest payable	3,683	-	3,683	-
Unearned revenue	1,214,561	-	1,214,561	1,976,337
Total Liabilities	1,741,158	1,017,555	2,758,713	3,266,532
Fund Balances:				
Nonspendable	266,644	980,176	1,246,820	752,575
Restricted for:				
OPEB	441,701	-	441,701	411,441
Tourism related activities	-	34,681,293	34,681,293	28,202,853
Unassigned	2,911,456	-	2,911,456	1,904,883
Total Fund Balances	3,619,801	35,661,469	39,281,270	31,271,752
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,360,959	36,679,024	42,039,983	34,538,284

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2023

Fund balances of governmental funds		$ 39,281,270
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of capital assets	4,544,861	
Accumulated depreciation	(2,568,565)	
		1,976,296
Deferred outflows related to OPEB		336,906
Deferred outflows related to pensions		739,986
Deferred inflows related to OPEB		(1,343,402)
Deferred inflows related to pensions		(335,541)
Long-term obligations at year end consist of:		
Compensated absences	(531,079)	
Subscription-based information technology arrangements	(103,991)	
Total OPEB liability	(3,489,295)	
Net pension (liability)/asset	(578,421)	
		(4,702,786)
Net position of governmental activities		$ 35,952,729

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

Year ended June 30, 2023 (with comparative information for prior year)

	General Fund	TBID Special Revenue Fund	Total 2023	Total 2022
Revenues:				
City funding	$ 2,812,790	-	2,812,790	3,057,785
Assessments	192,755	26,341,389	26,534,144	25,020,816
Membership dues and marketing partnerships	577,978	-	577,978	209,923
Advertising	369,290	-	369,290	383,790
Promotional participation	209,148	-	209,148	185,631
Investment income (loss)	74,946	336,957	411,903	(297,905)
Grant revenue	756,822	-	756,822	-
Total Revenues	4,993,729	26,678,346	31,672,075	28,560,040
Expenditures:				
Current:				
Administration	1,301,625	1,668,609	2,970,234	1,944,422
Partnership	1,343,442	1,269,414	2,612,856	1,040,610
Marketing	890,868	9,170,529	10,061,397	7,186,403
Tourism development	187,601	1,891,593	2,079,194	2,528,151
Convention sales	510,737	5,219,585	5,730,322	3,486,907
Capital outlay	174,184	-	174,184	94,838
Debt service:				
Principal	30,687	-	30,687	-
Interest	3,683	-	3,683	-
Total Expenditures	4,442,827	19,219,730	23,662,557	16,281,331
Excess (deficiency) of revenues over (under) expenditures	550,902	7,458,616	8,009,518	12,278,709
Net changes in fund balance	550,902	7,458,616	8,009,518	12,278,709
Fund Balances at beginning of year	3,068,899	28,202,853	31,271,752	18,993,043
Fund Balances at end of year	$ 3,619,801	35,661,469	39,281,270	31,271,752

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2023

Net changes in fund balances - total governmental funds		$ 8,009,518
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities.		
Depreciation expense	(164,864)	
Capital outlay	143,497	
		(21,367)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(18,938)
The Governmental funds, report Subscription-Based Information Technology Agreements (SBITA) as expenditures. However, in the Statement of Net Position, principal related to SBITAs is measured as the change in the SBITA liability. This amount represents the change in the SBITA liability.		30,687
Governmental funds report pension contributions as expenditures. However, in the Statement of Net Position, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net change in pension related amounts.		54,738
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Net Position, OPEB expense is measured as the change in total OPEB liability and the amortization of deferred amounts.		113,221
Change in net position of governmental activities		$ 8,167,859

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Statement of Fiduciary Net Position

June 30, 2023

	Trust Fund	Custodial Fund
	Defined Benefit Pension Plan	Tourism Foundation
Assets:		
Cash and investments (note 2)	$ 8,233,482	1,124,005
Interest receivable	8,674	-
Prepaid items	-	513
Total Assets	$ 8,242,156	1,124,518
Net Position:		
Restricted for pensions	$ 8,242,156	-
Restricted for tourism foundation	-	1,124,518
Total Net Position	$ 8,242,156	1,124,518

See accompanying notes to the basic financial statements.

VISIT GREATER PALM SPRINGS

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2023

	Trust Fund	Custodial Fund
	Defined Benefit Pension Plan	Tourism Foundation
Additions:		
Employer and employee contributions	$ 563,615	-
Contributions	-	727,702
Special events	-	117,374
Investment income	595,599	-
Total Additions	1,159,214	845,076
Deductions:		
Benefit payments	247,392	-
Grants	-	221,490
Administrative expenses	74,789	92,944
Total Deductions	322,181	314,434
Change in Net Position	837,033	530,642
Net Position - beginning	7,405,123	593,876
Net Position - ending	$ 8,242,156	1,124,518

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

The basic financial statements of Visit Greater Palm Springs (VGPS) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of VGPS's accounting policies are described below.

(a) Reporting Entity

The Visit Greater Palm Springs, a public entity formed under California Government Code, is comprised of various government member organizations pursuant to a Joint Powers Agreement (Agreement). The Agreement was entered into by the member organizations, February 8, 1989, to jointly encourage, promote, and enhance all aspects of the hospitality, convention and tourism industries in the Coachella Valley and to attract visitors from a world-wide market. The member organizations are currently comprised of: Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, and Riverside County. Each member organization makes contributions to VGPS based on the members' transient occupancy tax, which is based on gross sales as defined in the Agreement. The Agreement provides for a two-tiered contribution system based upon transient occupancy tax reported from convention and non-convention properties within the member cities.

In November 2008, the Board of Supervisors of the County of Riverside adopted Ordinance 883 which established the Palm Springs Desert Resort Communities Tourism Business Improvement District (TBID) and the levying of annual assessments. The TBID was established to promote tourism within the desert communities and to fund related programs that will benefit the hotel and motel businesses within the desert communities. The boundaries of the TBID match the operational boundaries of VGPS.

The Tourism Marketing District Assessment (TMD) was created in June 2013 with collection beginning on August 1, 2013. This funding source was assessed on hotels in excess of 50 rooms within the defined eight cities and specified areas in the unincorporated part of the County of Riverside. An assessment of one percent on gross room sales was collected by VGPS through June 2016.

On June 17, 2016, the Joint Powers Authority Executive Committee of VGPS held a public hearing and voted to establish a three percent (3%) Tourism Business Improvement District (TBID) assessment of gross short-term rental revenue to replace the current two percent (2%) Business Improvement District and the one percent (1%) Tourism Marketing District Assessment. Coachella Valley vacation rental lodging owners and representatives successfully petitioned to be included in the TBID effective July 1, 2021. All vacation rentals located within the TBID boundaries began contributing 1% of gross rental revenue of short-term stays as of July 2021.

The Greater Palm Springs Tourism Foundation (Foundation) was established in May 2017 to provide support for diverse programming related to the hospitality, convention, and tourism industries with funds raised from individuals, businesses,

(1) Summary of Significant Accounting Policies (Continued)

organizations and other foundations. Initiatives encompass providing education and leadership training, college scholarships, and volunteer and mentor development.

The Foundation is not a component of VGPS and is reported as a custodial fund in the accompanying financial statement.

(b) Basis of Accounting and Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect of VGPS and for each governmental function and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of VGPS. Eliminations have been made to minimize the double counting of internal activities.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net position use.

Fund Financial Statements – Fund financial statements report detailed information about VGPS, including fiduciary funds. Each fund is presented in a separate column and the total governmental activities represent a consolidation of all governmental funds.

Governmental Funds – All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore,

(1) Summary of Significant Accounting Policies (Continued)

include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds – Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of VGPS.

Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 120 days.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long- term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

(1) Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

(c) Fund Classifications

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. VGPS's funds are grouped into two fund categories: governmental and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are VGPS's major governmental funds:

General Fund – The General Fund is the chief operating fund for all governmental entities. It is used to account for the ordinary operations of VGPS. The primary revenue sources are the city/county funding and member dues. All transactions except those accounted for in another fund are accounted for in this fund.

Tourism Business Improvement District (TBID) Fund – This Special Revenue Fund is used to account for all financial activities associated with the collection of the assessments and the use of such assessments as outlined in the TBID Agreement.

Fiduciary Funds – Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support VGPS's own programs.

Defined Benefit Pension Plan Trust Fund – This fund is used to account for the activities of the Visit Greater Palm Springs Defined Benefit Trust, which accumulates resources for pension benefit payments to qualified VGPS employees.

Tourism Foundation Custodial Fund – This fund is used to account for the assets held by the Tourism Foundation fund which VGPS has fiduciary responsibility.

(d) Cash and Cash Equivalents

All cash and investments are held in VGPS's cash management pool. VGPS considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Therefore, for purposes of the statement of cash flows, VGPS

(1) Summary of Significant Accounting Policies (Continued)

considers the entire pooled cash and investment balance to be cash and cash equivalents.

(e) Fair Value

VGPS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

In determining fair value, VGPS's custodians use various methods including market and income approaches. Based on these approaches, VGPS's custodians utilize certain assumptions that market participants would use in pricing the asset or liability. VGPS's custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of VGPS's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 – quoted prices in active markets for identical investments, Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 – significant unobservable inputs (including VGPS's own assumptions in determining the fair value of instruments).

(f) Investments

Investments are reported at fair value, which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period.

(g) Prepaid Items

Prepaid items represent amounts paid in advance of receiving goods or services.

(h) Stores Inventories

Stores inventories consist of expendable supplies held for consumption and recorded as an expense when used rather than when purchased. Inventories are stated at cost and are tracked monthly by VGPS.

(1) Summary of Significant Accounting Policies (Continued)

(i) Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of VGPS. VGPS maintains a capitalization threshold of $5,000 for tangible assets and $50,000 for intangible assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

When purchased, assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are recorded at acquisition value.

Depreciation is calculated on the straight-line method over the following estimated useful lives of the assets:

Buildings	20 - 40 years
Improvements	15 - 20 years
Equipment	3 - 10 years
Furniture	7 years
Vehicles	5 years
Intangible Subscription-based IT asset	5 years

(j) Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

(k) Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

(l) Subscription-Based Information Technology (IT) Arrangements

VGPS is a participant in subscription-based IT arrangements as detailed in Footnote 5. VGPS recognizes a subscription-based IT payable and right-to-use IT asset in the financial statements.

(1) Summary of Significant Accounting Policies (Continued)

At the commencement of the arrangement, VGPS initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The right to use assets are initially measured at the initial amount of the subscription-based IT payable. Subsequently, the right to use assets are amortized over the life of the arrangement term.

(m) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Visit Greater Palm Springs Defined Benefit Pension Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

(n) Other Post-Employment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the plan (OPEB Plan), have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to the liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

(1) Summary of Significant Accounting Policies (Continued)

(o) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. VGPS has two items that qualify for reporting in this category, deferred outflows related to pensions and OPEB.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow (revenue) until that time. VGPS has two items that qualify for reporting in this category, deferred inflow related to pensions and OPEB. A third item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(p) Fund Balance

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. Board of Directors imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Board action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resulting fund balance is considered to be committed, not restricted.

VGPS considers a resolution to constitute a formal action of the Board of Directors for the purposes of establishing committed fund balance.

(1) Summary of Significant Accounting Policies (Continued)

Assigned Fund Balance – this includes amounts that are intended to be used for specific purposes as indicated either by the Board of Directors or by persons to whom the Board has delegated the authority to assign amounts for specific purposes.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is VGPS's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Board of Directors.

(q) Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(r) Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which selected financial data was derived. VGPS has reclassified certain prior year information to conform with current year presentations.

(2) Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	$ 36,745,181
Restricted cash and investments	441,701
Statement of Fiduciary Net Position	
Cash and investments	9,357,487
Total cash and investments	$ 46,544,369

Cash and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	$ 10,208,618
Investments	36,335,751
Total cash and investments	$ 46,544,369

(2) Cash and Investments (Continued)

Investments Authorized by VGPS's Investment Policy

The table below identifies the investment types that are authorized for VGPS by the California Government Code and VGPS's policy, whichever is more restricted.

Authorized Investments	Maximum Maturity	Percentage of Portfolio	Investment In One Issuer
U.S. Treasury Securities	5 years	60%	None
Federal Agency Securities	5 years	60%	None
Banker's Acceptances	180 days	40%	20%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Medium-Term Corporate Notes	5 years	20%	None
Bank Demands	N/A	5%	None
Repurchase Agreements	1 year	20%	None
Money Market Mutual Funds	N/A	10%	None
Local Agency Investment Fund	N/A	None	None
Managed Pools	N/A	None	20%
Mortgage Pass-Through Securities	5 years	10%	None
Placement Certificates of Deposit	5 years	30%	None

Investments Authorized by Trust Agreements

Restricted cash and investments are governed by provisions of the OPEB trust agreement, rather than the general provisions of the California Government Code or VGPS's investment policy.

Authorized Investments	Maximum Maturity	Percentage of Portfolio	Investment In One Issuer
Equity securities	None	45.00%	None
Fixed income	None	47.71%	None
Alternative hedge funds	None	7.29%	None

Investments held in pension trust are governed by provisions of the pension trust agreement, rather than the general provisions of the California Government Code or VGPS's investment policy.

Authorized Investments	Maximum Maturity	Target Percentage of Portfolio	Investment In One Issuer
Equity securities	None	44.72%	None
Fixed income	None	47.98%	None
Alternative hedge funds	None	7.30%	None

(2) Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that VGPS manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of VGPS's investments to market interest rate fluctuations are provided by the following table that shows the distribution of VGPS's investments by maturity as of June 30, 2023.

Investment Type	Fair Value	12 Months Or Less
State Investment Pool (LAIF)	$ 9,112,103	9,112,103
CalTrust Pooled Investment Fund	19,173,873	19,173,873
Restricted Investments:		
Equity securities	195,110	195,110
Fixed income	206,823	206,823
Held in Pension Trust:		
Equity securities	3,962,294	3,962,294
Fixed income	3,653,938	3,653,938
Alternative hedge funds	31,610	31,610
Total	$ 36,335,751	36,335,751

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code or VGPS's Investment Policy, or debt agreements, and the S&P ratings as of June 30, 2023 for each investment type.

(2) Cash and Investments (Continued)

VGPS's rating as of the year ended June 30, 2023 for each investment type are as follows:

Investment Type	Total	Minimum Legal Rating	Not Rated
State Investment Pool (LAIF)	$ 9,112,103	N/A	9,112,103
CalTrust Pooled Investment Fund	19,173,873	N/A	19,173,873
Restricted Investments:			
Equity securities	195,110	N/A	195,110
Fixed income	206,823	N/A	206,823
Held in Pension Trust:			
Equity securities	3,962,294	N/A	3,962,294
Fixed income	3,653,938	N/A	3,653,938
Alternative hedge funds	31,610	N/A	31,610
Total	$36,335,751		36,335,751

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and VGPS's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Investment Pools

Local Agency Investment Fund (LAIF) – VGPS is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of VGPS's investment in the Pool is reported in the accompanying financial statement at amounts based upon VGPS's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated.

(2) Cash and Investments (Continued)

Investment Trust of California (CalTrust) – VGPS is a voluntary participant in the Investment Trust of California (CalTrust). Organized as a Joint Powers Authority (JPA), CalTrust is a program established by public agencies in California for the purpose of pooling and investing local agency funds. A Board of Trustees supervises and administers the investment program of the Trust. CalTrust invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. Seq. and 53635, et. Seq. VGPS reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares.

Fair Value Measurement

VGPS categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. VGPS has the following recurring fair value measurements as of June 30, 2023:

	Fair Value Hierarchy			
Investment Type	Level 1	Level 2	Level 3	Total
Restricted Investments:				
Equity securities	$ 195,110	-	-	195,110
Fixed income	206,823	-	-	206,823
Held in Pension Trust:				
Equity securities	3,962,294	-	-	3,962,294
Fixed income	3,653,938	-	-	3,653,938
Alternative hedge funds	31,610	-	-	31,610
Total investments subject to fair value measurement	$8,049,775	-	-	8,049,775

(3) Receivables

Receivables at June 30, 2023, consisted of service, tribal, VGPS sources, and the Tourism Business Improvement District (TBID) Assessment funds due from lodging properties.

Tribal assessments	$ 55,853
Other local sources	361,162
TBID assessments	2,559,395
Total receivables	$ 2,976,410

(4) Capital Assets

Capital assets are as follows for the year ended June 30, 2023:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets not being depreciated:				
Fine art	$ 45,200	-	-	45,200
Total capital assets not being depreciated	45,200	-	-	45,200
Capital assets being depreciated:				
Land improvements	217,126	10,110	-	227,236
Building and improvements	2,904,686	95,295	-	2,999,981
Furniture and equipment	1,006,337	29,255	-	1,035,592
Vehicles	93,337	-	-	93,337
Subscription-based IT asset	-	143,515	-	143,515
Total capital assets being depreciated	4,221,486	278,175	-	4,499,661
Less accumulated depreciation:				
Land improvements	(139,117)	(11,320)	-	(150,437)
Buildings and improvements	(1,287,278)	(84,218)	-	(1,371,496)
Furniture and equipment	(915,535)	(38,699)	-	(954,234)
Vehicles	(61,771)	(18,667)	-	(80,438)
Subscription-based IT asset	-	(11,960)	-	(11,960)
Total accumulated depreciation	(2,403,701)	(164,864)	-	(2,568,565)
Total capital assets being depreciated, net	1,817,785	113,311	-	1,931,096
Capital assets, net	$ 1,862,985	113,311	-	1,976,296

Depreciation expense was charged to the following functions:

Administration	$ 29,126
Partnership	10,991
Marketing	53,123
Travel industry sales	14,838
Convention sales	56,786
Total depreciation	$ 164,864

(5) Long-Term Liabilities

The change in long-term liabilities during the year were as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due in One Year
Compensated absences	$ 512,141	375,404	(356,466)	531,079	190,037
Subscription-based IT payable	-	134,678	(30,687)	103,991	21,848
Total	$ 512,141	510,082	(387,153)	635,070	211,885

Subscription-Based Information Technology (IT) Arrangements Payable

VPGS has entered into a subscription-based IT arrangement and is required to make annual principal and interest payments over the subscription term. As of June 30, 2023, the value of the subscription liability was $103,991. The future principal and interest lease payments as of June 30, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 21,848	8,839	30,687
2025	23,705	6,982	30,687
2026	27,255	4,967	32,222
2027	31,183	2,651	33,834
Total	$ 103,991	23,439	127,430

(6) Other Post-Employment Benefits (OPEB)

Plan Description

VGPS's defined benefit OPEB plan (Plan) provides healthcare benefits to eligible retirees. VGPS sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

The Visit Greater Palm Springs Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by VGPS which provides healthcare benefits to eligible retirees and their spouses in accordance with benefit provisions, which are established and may be amended by VGPS. Assets are accumulated in a trust; however, the trust does not meet the criteria in paragraph 4 of Statement 75. As a result, the trust assets are reported in the General Fund as restricted cash and investments.

(6) Other Post-Employment Benefits (OPEB) (Continued)

Benefits Provided

Employees who have obtained age 55, have at least 10 years of service, and participate in the Greater Palm Springs Defined Benefit Pension Plan are eligible for a VGPS-paid contribution. VGPS contributes towards individual medical, dental and vision policies for qualified retirees up to Medicare eligibility. Once a retiree is Medicare eligible, VGPS will pay a Medicare supplemental plan and Medicare Part D. The monthly contribution is 50% of the total premium (medical, dental, and vision) for those with 10 years of service, increasing by increments of 5% per each additional year of service, until 20 years, where the contribution is 100%. Spouse benefits are available. In addition, VGPS contributes the PEMHCA administrative fee. VGPS-paid benefits are provided for the lifetime of the retiree.

Plan Membership

At July 1, 2021 (valuation date), membership consisted of the following:

Active members	21
Inactive plan members or beneficiaries currently receiving benefit payments	6
Total plan members	27

Contributions

The contribution requirements of the plan members and VGPS are established by and may be amended by VGPS. VGPS funds the plan benefits on a pay-as-you-go basis. Participants are required to contribute to the cost of benefits under the plan. VGPS pays 50% of the benefit premium as a base contribution plus an additional five percent of the benefit premium for each full year of continuous paid service with VGPS in excess of 10 years of service.

GASB requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits.

Total OPEB Liability

VGPS's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

(6) Other Post-Employment Benefits (OPEB) (Continued)

Changes in the total OPEB Liability were as follows:

	Total OPEB Liability
Balance at June 30, 2021	$ 4,077,878
Changes recognized for the measurement period:	
Service cost	361,169
Interest	84,698
Differences between actual and expected experience	-
Changes of assumptions	(978,812)
Benefit payments	(55,638)
Net Changes	(588,583)
Balance at June 30, 2022 *(Measurement Date June 30, 2022)*	$ 3,489,295

Actuarial Assumptions

The Total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Salary increases	3.00 percent
Inflation rate	2.50 percent
Discount rate	3.69 percent
Healthcare cost trend rate	5.20 percent for 2022 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years

Pre-retirement mortality rates were based on the CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality, with fully generational mortality improvement using 80% of MP-2020. Post-retirement mortality rates were based on the CalPERS Public Agency Post-Retirement Morality with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study).

Actuarial assumptions used in the June 30, 2021 valuation were based on a review of Plan experience during the period of July 1, 2019 to June 30, 2021.

Discount Rate

GASB requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

(6) Other Post-Employment Benefits (OPEB) (Continued)

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the VGPS's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return on Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2023	June 30, 2022	4.00%	3.69%	3.69%

Sensitivity of the Total OPEB liability to changes in the discount rate

The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	$ 3,996,308	3,489,295	3,076,118

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that 1-percentage point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (4.20% current, 3.00% ultimate, 3.00% Medicare)	Trend Rate (5.20% current, 4.00% ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% ultimate, 5.00% Medicare)
Total OPEB Liability	$ 3,004,887	3,489,295	4,092,958

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 75, actuarial gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time.

The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

(6) Other Post-Employment Benefits (OPEB) (Continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

VGPS's OPEB expense was $(40,241) for the fiscal year ended June 30, 2023. As of fiscal year ended June 30, 2023, VGPS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement period	$ 72,981	-
Differences between expected and actual experience	-	(526,403)
Changes in assumptions	263,925	(816,999)
Total	$ 336,906	(1,343,402)

The $72,981 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follow:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	$ (486,109)
2025	(376,885)
2026	(216,483)
2027	-

(7) Defined Benefit Pension Plan

General Information about the Pension Plans

Plan Description

VGPS sponsors a defined benefit pension plan, the Visit Greater Palm Springs Defined Benefit Trust (the Trust), a single-employer plan, which provides retirement benefits to plan members and beneficiaries. The Plan is authorized under Section 31694(a) of the California Government Code for the sole purpose of providing funding for eligible employees. Eligible employees must be 21 years of age, have worked at least one plan year (July through June), and worked over

(7) Defined Benefit Pension Plan (Continued)

1,000 hours during a plan year. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with VGPS and compensation rates near retirement.

Benefits Provided

VGPS provides retirement benefits to plan members. Benefits are based on years of credited service, equal to one year of full time employment with the retirement formula of 2.0% at 52 for existing "classic" members and 2% at 62 for "new" members. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

Hire Date	Classic - Prior to January 1, 2013	New - On or after January 1, 2013
Benefit formula	2% @ 52	1.0-2.5% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	52-67	52-67
Monthly benefits, as a % of eligible compensation	2.00%	2.00%

Members covered by Benefit Terms

At June 30, 2023 (Valuation Date), the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	12
Active employees	21
Total	43

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 pension liability was based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Payroll Growth	2.80%
Investment Rate of Return	6.00%

(7) Defined Benefit Pension Plan (Continued)

The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that VGPS's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 6.00 percent rate of return on pension plan investments, VGPS considered both the short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest on quarter of one percent.

The table below reflects the long-term expected rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Asset Allocation	Real Rate of Return
Small Cap	5%	4.9%
Large Cap	30%	4.5%
U.S. Fixed	50%	1.8%
Developed Non-U.S. Equity	10%	4.8%
Emerging Market Equity	5%	5.9%
Total	100%	

(7) Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(asset) (c) = (a) - (b)
Balance at June 30, 2022	$ 7,924,003	7,405,123	518,880
Changes recognized for the measurement period:			
Service cost	319,922	-	319,922
Interest	487,322	-	487,322
Differences between actual and expected experience	336,722	-	336,722
Contributions - employer	-	563,616	(563,616)
Net investment income (loss)	-	595,598	(595,598)
Benefit payments	(247,392)	(247,392)	-
Administrative expense	-	(74,789)	74,789
Net Changes	896,574	837,033	59,541
Balance at June 30, 2023 *(Measurement Date June 30, 2023)*	$ 8,820,577	8,242,156	578,421

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount that is 1 percentage-point lower (5.00 percent) or 1 percentage point higher (7.00 percent) than the current rate.

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Net Pension Liability/(Asset)	$ 1,714,122	578,421	(379,475)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, actuarial gains and losses related to changes in total pension liability and fiduciary net pension are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

(7) Defined Benefit Pension Plan (Continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan. The EARSL for the Plan for the measurement date ending June 30, 2023 is 6 years.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, VGPS recognized a pension expense of $508,878 for the Plan. As of June 30, 2023, VGPS reports deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 261,895	(335,541)
Change in assumptions	48,047	-
Net differences between projected and actual earnings on plan investments	430,044	-
Total	$ 739,986	(335,541)

Amounts reported as deferred outflows and deferred inflows of resources in the previous chart will be recognized in future pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 26,115
2025	91,481
2026	281,338
2027	5,511
2028	-
Thereafter	-

(8) Risk Management

VGPS is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. VGPS has purchased outside insurance coverage at the following amounts:

- General Aggregate coverage up to $4,000,000 per loss.
- Employment Practices Liability coverage up to $2,000,000 per loss.
- Workers' Compensation coverage up to $1,000,000 per occurrence. The States covered are California, Kansas, Washington D.C., New York, South Carolina, Virginia, and Pennsylvania.
- Business Auto coverage up to $1,000,000 per occurrence.
- Crime and Cyber coverage up to $1,000,000 per occurrence.
- General Liability coverage up to $4,000,000 in General Aggregate and Products/Complete Operations Aggregate, $2,000,000 in Personal and Advertising Insurance, $1,000,000 in damages to premises rented to VGPS, and $10,000 in Medical Expenses – Any One Person.
- Commercial Property Insurance for VGPS's real property up to $7,088,500 and business personal property up to $615,600.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years, and there were no reductions in VGPS's insurance coverage during the year ending June 30, 2023. Liabilities are recorded when it is probable that a loss has been incurred, and the amount of the loss can be reasonably estimated net of the respective insurance coverage.

(9) Related Party Transactions

Due to the nature of the organization, it is not uncommon for VGPS to have business transactions with companies that are owned by members of the Board of Directors of VGPS. The total related party transactions for the fiscal year ending June 30, 2023, were $92,500.

(10) Subsequent Events

Effective July 1, 2023, VGPS began providing additional retirement benefits to employees who are both participants in the Defined Benefit Pension Plan (“Pension Plan”) on or after July 1, 2023, including both Classic and PEPRA members and receive compensation, including salary and bonus, in excess of the IRS pension plan compensation limits or California Governmental Pension regulations. This is a defined contribution plan with 100% of the contributions funded by VGPS. Eligible employees can direct contributions into either a Retiree Health Savings Plan or the 401(a) Directors Plan. The benefit contribution rate is determined by the Pension Plan actuary for a given year. The plan’s initial contributions were calculated beginning July 1, 2019, to June 30, 2020. In fiscal year 2024, VGPS made contributions for eligible employees totaling $343,454 for the prior four fiscal years, 2021 through 2023. Considering the effective date of the plan, no contributions were accrued to fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

VISIT GREATER PALM SPRINGS

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund

Year ended June 30, 2023

	Budgeted Amounts			Variance- Positive
	Original	Final	Actual	(Negative)
Revenues:				
City and County funding	$ 2,469,963	2,469,963	2,812,790	342,827
Assessments	155,987	155,987	192,755	36,768
Membership dues and marketing partnerships	585,000	585,000	577,978	(7,022)
Advertising	156,000	156,000	369,290	213,290
Promotional participation	200,580	200,580	209,148	8,568
Interest income (loss)	216,035	216,035	74,946	(141,089)
Grant revenue	618,333	618,333	756,822	138,489
Total Revenues	4,401,898	4,401,898	4,993,729	591,831
Expenditures:				
Administration	830,596	892,595	1,301,625	(409,030)
Partnership	1,298,541	1,298,541	1,343,442	(44,901)
Marketing	1,580,210	1,791,261	890,868	900,393
Tourism development	313,627	328,319	187,601	140,718
Convention sales	199,710	508,650	510,737	(2,087)
Capital outlay	60,000	60,000	174,184	(114,184)
Debt Service:				
Principal	-	-	30,687	(30,687)
Interest	-	-	3,683	(3,683)
Total Expenditures	4,282,684	4,879,366	4,442,827	436,539
Excess (deficiency) of revenues over (under) expenditures	119,214	(477,468)	550,902	1,028,370
Net changes in fund balance	119,214	(477,468)	550,902	1,028,370
Fund Balance at beginning of year	3,068,899	3,068,899	3,068,899	-
Fund Balance at end of year	$ 3,188,113	2,591,431	3,619,801	1,028,370

See accompanying notes to the required supplementary information.

VISIT GREATER PALM SPRINGS

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - TBID Fund

Year ended June 30, 2023

	Budgeted Amounts			Variance-Positive (Negative)
	Original	Final	Actual	
Revenues:				
Assessments	$ 24,112,070	24,112,070	26,341,389	2,229,319
Interest income (loss)	-	-	336,957	336,957
Total Revenues	24,112,070	24,112,070	26,678,346	2,566,276
Expenditures:				
Administration	1,218,485	1,156,489	1,668,609	(512,120)
Partnership	1,987,535	1,987,535	1,269,414	718,121
Marketing	13,066,365	12,855,318	9,170,529	3,684,789
Tourism development	2,715,377	2,700,685	1,891,593	809,092
Convention sales	5,243,535	4,934,595	5,219,585	(284,990)
Total Expenditures	24,231,297	23,634,622	19,219,730	4,414,892
Net changes in fund balance	(119,227)	477,448	7,458,616	6,981,168
Fund Balance at Beginning of Year	28,202,853	28,202,853	28,202,853	-
Fund Balance at End of Year	$ 28,083,626	28,680,301	35,661,469	6,981,168

See accompanying notes to the required supplementary information.

VISIT GREATER PALM SPRINGS

Schedule of Changes in Total OPEB Liability and Related Ratios

Last 10 Years*

Measurement Period	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 361,169	342,235	360,506	345,633	372,363	372,833
Interest on the total OPEB liability	84,698	111,919	117,488	138,929	117,182	92,674
Difference between expected and actual experience	-	(787,745)	-	(568,874)	-	-
Changes in assumptions	(978,812)	200,891	385,365	22,758	(321,770)	-
Benefit payments	(40,564)	(23,796)	(25,908)	(20,667)	(23,297)	(27,885)
Implicit rate subsidy	(15,074)	(6,644)	(4,736)	(23,596)	(26,598)	(31,836)
Net change in total OPEB Liability	(588,583)	(163,140)	832,715	(105,817)	117,880	405,786
Total OPEB Liability - beginning	4,077,878	4,241,018	3,408,303	3,514,120	3,396,240	2,990,454
Total OPEB liability - ending	$ 3,489,295	4,077,878	4,241,018	3,408,303	3,514,120	3,396,240
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 3,047,736	2,574,432	3,597,687	2,760,812	2,133,195	2,889,507
Total OPEB liability as a percentage of covered-employee payroll	114.49%	158.40%	117.88%	123.45%	164.74%	117.54%

Notes to Schedule:

Changes in assumptions. The discount rate was changed from 1.92 percent (net of administrative expense) to 3.69 percent for the measurement period ended June 30, 2022.

The discount rate was changed from 3.13 percent (net of administrative expense) to 1.92 percent for the measurement period ended June 30, 2021.

*Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

VISIT GREATER PALM SPRINGS
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years*

Measurement Period	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
TOTAL PENSION LIABILITY					
Service Cost	$ 319,922	369,716	348,146	455,984	365,543
Interest	487,322	487,960	449,978	429,311	388,873
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	336,722	(479,671)	(72,645)	(231,292)	221,723
Changes of Assumptions	-	85,005	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(247,392)	(428,361)	(323,732)	(187,160)	(142,088)
Net Change in Total Pension Liability	896,574	34,649	401,747	466,843	834,051
Total Pension Liability - Beginning	7,924,003	7,889,354	7,487,607	7,020,764	6,186,713
Total Pension Liability - Ending (a)	$ 8,820,577	7,924,003	7,889,354	7,487,607	7,020,764
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	500,000	335,000	600,000	355,191	646,954
Contributions - Employee	63,616	72,953	73,347	85,327	53,046
Net Investment Income	595,598	(953,070)	1,172,466	362,359	342,657
Benefit Payments, Including Refunds of Employee Contributions	(247,392)	(428,361)	(323,732)	(187,160)	(142,088)
Administrative Expenses	(74,789)	(73,436)	(63,879)	(52,563)	(40,618)
Net Change in Fiduciary Net Position	837,033	(1,046,914)	1,458,202	563,154	859,951
Plan Fiduciary Net Position - Beginning	7,405,123	8,452,037	6,993,835	6,430,681	5,570,730
Plan Fiduciary Net Position - Ending (b)	$ 8,242,156	7,405,123	8,452,037	6,993,835	6,430,681
Plan Net Position Liability/(asset) - Ending (a) - (b)	$ 578,421	518,880	(562,683)	493,772	590,083
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.44%	93.45%	107.13%	93.41%	91.60%
Covered Payroll	$ 2,830,804	2,126,920	1,907,781	2,119,576	2,672,577
Plan Net Pension Liability as a Percentage of Covered Payroll	20.43%	24.40%	-29.49%	23.30%	22.08%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation, therefore, only nine years are presented.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement period is without reduction of pension plan administration expense.

In 2018, The discount rate reduced from 7.00% to 6.00%.

VISIT GREATER PALM SPRINGS
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years* (Continued)

Measurement Period	6/30/2018	6/30/2017	6/30/2016	6/30/2015
TOTAL PENSION LIABILITY				
Service Cost	332,424	356,296	467,445	479,976
Interest	380,610	372,622	441,236	364,593
Changes of Benefit Terms	-	-	(722,084)	934,925
Difference Between Expected and Actual Experience	(47,183)	(52,460)	(356,446)	(147,798)
Changes of Assumptions	663,355	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(494,706)	(582,254)	(816,129)	(232,401)
Net Change in Total Pension Liability	834,500	94,204	(985,978)	1,399,295
Total Pension Liability - Beginning	5,352,213	5,258,009	6,243,987	4,844,692
Total Pension Liability - Ending (a)	6,186,713	5,352,213	5,258,009	6,243,987
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	770,000	494,908	511,452	700,000
Contributions - Employee	22,754	24,852	-	-
Net Investment Income	277,791	352,969	55,874	136,590
Benefit Payments, Including Refunds of Employee Contributions	(494,706)	(582,254)	(816,129)	(232,401)
Administrative Expenses	(38,309)	(38,766)	(40,693)	(34,481)
Net Change in Fiduciary Net Position	537,530	251,709	(289,496)	569,708
Plan Fiduciary Net Position - Beginning	5,033,200	4,781,491	5,070,987	4,501,279
Plan Fiduciary Net Position - Ending (b)	5,570,730	5,033,200	4,781,491	5,070,987
Plan Net Position Liability - Ending (a) - (b)	615,983	319,013	476,518	$ 1,173,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.04%	94.04%	90.94%	81.21%
Covered Payroll	2,485,550	2,649,924	2,944,454	3,060,059
Plan Net Pension Liability as a Percentage of Covered Payroll	24.78%	12.04%	16.18%	38.33%

VISIT GREATER PALM SPRINGS
Required Supplementary Information
Schedule of Pension Plan Contributions
Last 10 Years*

Fiscal Year	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Actuarially determined contribution	$ 366,238	407,854	482,982	590,793	477,794
Contributions in relation to the actuarially determined contributions	(563,616)	(335,000)	(600,000)	(355,191)	(646,954)
Contribution deficiency (excess)	$ (197,378)	72,854	(117,018)	235,602	(169,160)
Covered payroll	$ 2,830,804	2,126,920	1,907,781	2,119,576	2,672,577
Contributions as a percentage of covered payroll	19.91%	15.75%	31.45%	16.76%	24.21%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation, therefore, only nine years are presented.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2022, Funding Valuation Report.

Valuation Date	6/30/2023
Timing	Actuarially determined contribution for FYE 2023 was calculated based on the 6/30/23 actuarial valuation
Key Methods and Assumptions Used to Determine Contributions:	
Actuarial cost method	Entry Age, Level Percent of Pay
Asset valuation method	Fair value of assets
Amortization method	For details, see June 30, 2023 Funding Valuation Report.
Discount rate	6.00%
Price inflation	2.50%
Salary increases	2.80% plus merit component based on years of service
Mortality	Mortality rates are based on recent CalPERS experience study, performed in 2021.

VISIT GREATER PALM SPRINGS
Required Supplementary Information
Schedule of Pension Plan Contributions
Last 10 Years* (Continued)

Fiscal Year	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	402,541	439,314	600,173	571,855
Contributions in relation to the actuarially determined contributions	(770,000)	(494,908)	(511,452)	(700,000)
Contribution deficiency (excess)	(367,459)	(55,594)	88,721	(128,145)
Covered payroll	2,485,550	2,649,924	2,944,454	3,060,059
Contributions as a percentage of covered payroll	30.98%	18.68%	17.37%	22.88%

VISIT GREATER PALM SPRINGS
Required Supplementary Information
Schedule of Pension Money Weighted Rate of Return
Last 10 Years*

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money Weighted Rate of Return, net of investment expense	8.18%	-11.49%	16.69%	33.14%	34.49%	4.51%	12.58%	-4.70%	3.78%

Historical information required only for measurement periods for which GASB 68 is applicable

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation, therefore, only nine years are presented.

(1) Budgets and Budgetary Data

VGPS is only required to adopt an annual budget for the General Fund and the TBID special revenue fund. These budgets are presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

Once the budgets are approved, they can be amended by approval of VGPS Governing Board.

The appropriated budget is prepared by fund and department. VGPS's President may make transfers of appropriations between accounts and departments. Transfers of appropriations between funds requires the approval of a majority of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

A comparison of budget and actual has been presented for the General Fund and the TBID special revenue fund used by VGPS. With respect to revenues, a favorable variance indicates actual revenues received exceeded the legally adopted budget and an unfavorable variance indicates that actual revenues received were less than the amount budgeted. With respect to expenditures, a favorable variance indicates actual costs were less than the amount budgeted and an unfavorable variance indicates actual expenditures exceeded the legally adopted budget.

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