



A Tradition of Stewardship
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Auditor-Controller

1195 Third Street - Room B10
Napa, CA 94559
www.countyofnapa.org

Main: (707) 253-4551
Fax: (707) 226-9065

Tracy A. Schulze
Auditor-Controller

March 19, 2019

Honorable Board of Supervisors
Napa County
Napa, California

The Compliance Audit Division of the Napa County Auditor-Controller's Office has completed a review of the Napa Valley Tourism Improvement District funds for July 1, 2017 through June 30, 2018. The objectives of this review were to assess whether Tourism Improvement District funds were administered consistently throughout the County and verify that the funds were collected, distributed and spent in accordance with the Management District Plan.

The results of our procedures indicate no exceptions, and we are confident that the overall administration of Tourism Improvement District funds throughout the County is effective and in accordance with the requirements outlined in the Management District Plan.

The following appendices are attached to provide additional summary information from our review:

- Appendix A – Schedule of Tourism Improvement District Assessment Collections
- Appendix B – Procedures and Results (Local Jurisdictions)
- Appendix C – Procedures and Results (Visit Napa Valley)

Each local jurisdiction's annual and financial reports are available upon request.

Thank you,

A handwritten signature in blue ink, appearing to read "T. Schulze", is written over a horizontal line.

Tracy A. Schulze
Auditor-Controller

Appendix A

Schedule of Tourism Improvement District Assessment Collections For the Period of July 1, 2017 – June 30, 2018

	To District 74%	Local Share 25%	Admin 1%	Total 100%
City of American Canyon	\$ 196,510	\$ 66,389	\$ 2,656	\$ 265,555
City of Calistoga	726,294	245,370	9,815	981,479
City of Napa	2,380,242	804,136	32,165	3,216,543
City of St. Helena	331,937	112,114	4,514	448,565
Town of Yountville	781,639	264,067	9,612	1,055,318
Unincorporated Napa County	1,546,676	525,230	21,037	2,092,943
	<u>\$ 5,963,298</u>	<u>\$ 2,017,306</u>	<u>\$ 79,799</u>	<u>\$ 8,060,403</u>
Less: timing and rounding variances	(2,448)			
Less: accounting fees	(11,510)			
Add: interest	2,484			
Napa Valley Tourism Corporation (NVTC)	<u>\$ 5,951,824</u>	\$ 486,900	\$ -	\$ 6,438,724

Appendix B

Procedures and Results (Local Jurisdictions)

- A.** Obtain the annual report from each local jurisdiction for fiscal year 2017-18. This report provides a full accounting of Tourism Improvement District (TID) funds and includes a summary of how they were spent during the year.

- Review the report and verify accuracy by tracing to the general ledger and other supporting documentation.

Results:

City of American Canyon - No exceptions noted.
City of Calistoga – No exceptions noted.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

- B.** Obtain the financial report from each local jurisdiction for fiscal year 2017-18. This report recalculates expected TID assessment based on Transient Occupancy Tax (TOT) reported in the Comprehensive Annual Financial Report. TOT and TID should be 12% and 2% respectively of the same gross rental revenue number.

- Review the report and investigate variances between actual and expected TID greater than 1%.

Results:

City of American Canyon - No exceptions noted.
City of Calistoga – No exceptions noted.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

- Calculate 74% of the expected assessment and compare to what was remitted to the Napa County Auditor-Controller's Office. Investigate variances greater than 1%.

Results:

City of American Canyon – No exceptions noted.
City of Calistoga – No exceptions noted.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

Appendix B

- Calculate the 1% treasurer administrative allowance of the expected assessment and compare to what was retained by the jurisdiction in accordance with the Management District Plan. Investigate variances greater than \$50.

Results:

City of American Canyon - No exceptions noted.
City of Calistoga – No exceptions noted.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

- C. Obtain a detailed transaction schedule of the portion of the assessment retained by each local jurisdiction for local destination marketing (25%) reconciled to their general ledger and annual reports.

- Review the reconciliation and verify accuracy by tracing to the annual report and general ledger.

Results:

City of American Canyon - No exceptions noted.
City of Calistoga – No exceptions noted.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

- Ensure the expenses were approved in the minutes of the Local Governing Committee.

Results:

City of American Canyon – No exceptions noted.
City of Calistoga – No exceptions noted. However, the following expenses were not approved until after they were incurred:

<u>Expense Description</u>	<u>Amount</u>
Visitor Shuttle Subsidy Overage	\$ 93
Tax Preparation	1,004
State Taxes	110
Total Unapproved	<u>\$ 1,207</u>

We recommend a contingency be included in the annual budget to allow for incidental expenditures like those above.

City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – No exceptions noted.

Appendix C

Procedures and Results (Visit Napa Valley)

Background Information

For the scope of this review, Napa County contracted with the Napa Valley Tourism Corporation (NVTC) under Professional Services Agreement No. 170218B to provide marketing and tourism serving programs for the valley-wide portion of assessments allocated for that purpose under the Management District Plan. Under the agreement, the County was required to forward to NVTC 74% of the Napa Valley Tourism Improvement District (NVTID) assessment collected within the unincorporated area of the County and all of the NVTID assessment funds received from other jurisdictions. NVTC passed these funds to Visit Napa Valley (VNV), a nonprofit mutual benefit corporation with an objective to manage the marketing of countywide tourism. The majority of VNV's funding is provided by NVTC. Therefore, our procedures were performed at VNV.

Procedures and Results

Obtain the audited financial statements.

- Compare the Napa Valley Tourism Improvement District revenue from Visit Napa Valley's audited financial statements to the records maintained in the Napa County Auditor-Controller's Office. Determine if a variance exists.

Results: No exception noted.