



A Tradition of Stewardship
A Commitment to Service

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

May 5, 2020

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, 2018 through June 30, 2019. 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.

As a result of our procedures, two minor exceptions were noted for the Unincorporated Napa County jurisdiction, see Appendix B. However, 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 the name and title of the Auditor-Controller.

Tracy A. Schulze
Auditor-Controller

Appendix A

Schedule of Tourism Improvement District Assessment Collections For the Period of July 1, 2018 – June 30, 2019

	To District 74%	Local Share 25%	Admin 1%	Total 100%
City of American Canyon	\$ 191,039	\$ 64,540	\$ 2,582	\$ 258,161
City of Calistoga	791,160	267,284	10,691	1,069,135
City of Napa	2,685,292	907,193	36,288	3,628,773
City of St. Helena	376,806	127,469	5,101	509,376
Town of Yountville	929,723	314,095	12,564	1,256,382
Unincorporated Napa County	1,699,270	572,461	22,601	2,294,332
	<u>\$ 6,673,290</u>	<u>\$ 2,253,042</u>	<u>\$ 89,827</u>	<u>\$ 9,016,159</u>
Less: accounting fees	(8,099)			
Add: timing and rounding variances	6,547			
Add: interest	5,172			
Napa Valley Tourism Corporation (NVTC)	<u>\$ 6,676,910</u>	\$ 505,000	\$ -	\$ 7,181,910

Appendix B

Procedures and Results (Local Jurisdictions)

A. Obtain the annual report from each local jurisdiction for fiscal year 2018-19. 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 2018-19. 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 amount.

- 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 – Exception: The administrative fee retained was \$254 less than the allowable amount.

- C. Obtain a 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.
City of Napa – No exceptions noted.
City of St. Helena – No exceptions noted.
Town of Yountville – No exceptions noted.
Unincorporated Napa County – Exception: An administrative expense of \$3,422 was never approved in the local governing committee meeting minutes. This expense was retroactively approved on April 17, 2020.

Appendix C

Procedures and Results (Visit Napa Valley)

Background Information

For the scope of this review, Napa County contracted with Visit Napa Valley (VNV) and 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 is required to forward to VNV/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.

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.

