



Agenda Date: 10/17/2006  
Agenda Placement: 6L

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Pamela Kindig - Auditor-Controller  
Auditor - Controller  
**REPORT BY:** Stephen Owen, Accountant-Auditor II, 253-4589  
**SUBJECT:** Audit Report for Uniform Transient Occupancy Tax Audit of Hillcrest Bed & Breakfast

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### **RECOMMENDATION**

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the Audit Report for the Uniform Transient Occupancy Tax Audit of Hillcrest Bed & Breakfast for the Period of January 1, 2004 to September 30, 2005.

### **EXECUTIVE SUMMARY**

The Internal Audit Section of the Napa County Auditor-Controller's Office has audited the financial statements of the Uniform Transient Occupancy Tax Audit of Hillcrest Bed & Breakfast for the Period of January 1, 2004 to September 30, 2005. Acceptance of said audit report is requested.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

**Transient Occupancy Tax Audit**

Staff conducted the audit of the Uniform Transient Occupancy Tax Audit of Hillcrest Bed & Breakfast for the Period of January 1, 2004 to September 30, 2005 in accordance with auditing standards generally accepted in the United States of America and as stipulated in the engagement letter.

**Results of the Audit:** An audit report may contain findings in any of the following three categories:

1. Material Noncompliance
2. Material Internal Control Weakness (Reportable Conditions)
3. Immaterial Internal Control Weakness

The findings noted during the respective audit have been summarized below:

**Uniform Transient Occupancy Tax Audit of Hillcrest Bed & Breakfast**

Category 1: Material Noncompliance - One (1) Finding

Category 2: Material Internal Control Weakness (Reportable Conditions) - One (1) Finding

Category 3: Immaterial Internal Control Weakness - One (1) Finding

The audit resulted in a potential tax, interest and penalty liability payable to Napa County in the amount of \$101.12 based on under-reported room revenues of \$658.

Please see the attached Management Comments for a detail description of the findings, recommendations and management responses.

**SUPPORTING DOCUMENTS**

A . Hillcrest Bed & Breakfast Management Comments

CEO Recommendation: Approve

Reviewed By: Maiko Klieman