

Napa County

Auditor-Controller

Internal Audit Report

Napa Valley Tourism Improvement District
Annual Review
Tourism Improvement District Funds

For Fiscal Year Ended June 30, 2022

Report Date: April 26, 2023



Tracy A. Schulze, CPA
Auditor-Controller

A Tradition of Stewardship
A Commitment to Service

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Engagement Team

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A Tradition of Stewardship
A Commitment to Service

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Tracy A. Schulze
Auditor-Controller

April 26, 2023

Board of Supervisors
Napa, CA

Executive Summary

The internal audit section of the Napa County Auditor-Controller's Office has completed an annual review of the Napa Valley Tourism Improvement District (NVTID) funds for fiscal year ended June 30, 2022. The objectives of this review were to assess whether Tourism Improvement District (TID) 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 annual review, we found exceptions which are noted throughout the report. However, we are still confident that the overall administration of the Tourism Improvement District funds throughout the reporting jurisdictions is effective and in accordance with the requirements outlined in the Management District Plan.

The following appendices provide additional 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)
- Appendix D – Summary of Exceptions

Except for the City of Calistoga, each local jurisdiction's annual and financial reports are available upon request.

Sincerely,

A handwritten signature in blue ink that reads "Tracy A. Schulze".

Tracy A. Schulze, CPA
Auditor-Controller

**Annual Review
Napa Valley Tourism Improvement District
For Fiscal Year Ended June 30, 2022**

Appendix A

Schedule of Tourism Improvement District Assessment Collections

<u>Napa County - NVTID Funds</u>	District 74%	Local Share 25%	Admin 1%	Total 100%
City of American Canyon	\$ 195,144	\$ 66,061	\$ 2,503	\$ 263,708
City of Calistoga	1,449,528		Note 1	
Unincorporated Napa County	1,688,969	575,830	22,477	2,287,276
City of Napa	3,384,354	1,143,364	45,734	4,573,452
City of St. Helena	511,109	172,296	6,973	690,378
Town of Yountville	1,209,223	408,521	16,341	1,634,085
Total TID Assessment Collections	<u>\$ 8,438,327</u>	<u>\$ 2,366,072</u>	<u>\$ 94,028</u>	<u>\$ 9,448,899</u>
Less: accounting fees	(8,264)			
Less: timing and rounding variances	(181,605)	Note 2		
Add: interest	2,064			
Total TID Assessment Collections	<u>\$ 8,250,522</u>			

Note 1: Data is unavailable as supporting documentation was not provided by respective cities in time to complete this annual review as of the date of this report (April 26, 2023).

Note 2: Most of this variance is due to a large payment made by one jurisdiction with a check date of September 30, 2022. The jurisdiction was able to record the assessment on their fiscal year 2021-22 general ledger, but the County received the remittance after its revenue recognition period and therefore was recorded as fiscal year 2022-23 revenue.

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Appendix B

Procedures and Results (Local Jurisdictions)

- A. Obtain TID Annual Report from each local jurisdiction for fiscal year 2021-22. This report provides a full accounting of Tourism Improvement District (TID) funds and includes a summary of how they were spent during the fiscal year.
- Review the report and verify accuracy by tracing to the general ledger and other supporting documentation.

Results:

1. City of American Canyon – No exception noted.
2. City of Calistoga – *Exception:* No support was provided by local jurisdiction or Local Governing Committee as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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Appendix B

Procedures and Results (Local Jurisdictions)
(Continued)

- B. Obtain TID Financial Reporting Form from each local jurisdiction for fiscal year 2021-22. This form recalculates expected TID assessment based on Transient Occupancy Tax (TOT) reported in the Annual Comprehensive Financial Report.
- Review the form and investigate variances between actual and expected TID greater than 1%.

Results:

1. City of American Canyon – No exception noted.
2. City of Calistoga – **Exception:** No support was provided by local jurisdiction or Local Governing Committee as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception was noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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Appendix B

Procedures and Results (Local Jurisdictions)
(Continued)

- 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:

1. City of American Canyon – No exception noted.
2. City of Calistoga – *Exception:* No support was provided by local jurisdiction as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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Appendix B

Procedures and Results (Local Jurisdictions)
(Continued)

- 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 \$500.

Results:

1. City of American Canyon – No exception noted.
2. City of Calistoga – *Exception:* No support was provided by local jurisdiction as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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Appendix B

Procedures and Results (Local Jurisdictions)
(Continued)

- C. Obtain a detail of the portion of the assessment retained by each local jurisdiction for local destination marketing (25%) reconciled to their general ledger and TID Annual Report.
- Review the reconciliation and verify accuracy by tracing to the general ledger and TID Annual Report.

Results:

1. City of American Canyon – No exception noted.
2. City of Calistoga – *Exception:* No support was provided by local jurisdiction or Local Governing Committee as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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Appendix B

Procedures and Results (Local Jurisdictions)
(Continued)

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

Results:

1. City of American Canyon – No exception noted.
2. City of Calistoga – *Exception:* No support was provided by local jurisdiction or Local Governing Committee as of this report date (April 26, 2023).
3. Unincorporated Napa County – No exception noted.
4. City of Napa – No exception noted.
5. City of St. Helena – No exception noted.
6. Town of Yountville – No exception noted.

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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 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.

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Appendix D

Summary of Exceptions

City of Calistoga

Observation

We were unable to complete each of the procedures for City of Calistoga because no support was provided by local jurisdiction or Local Governing Committee as of this report date (April 26, 2023).

Recommendation

We recommend the City to submit the report when it becomes available for fiscal year 2021-22. We also recommend a report be submitted for a mid-year review for fiscal year 2022-23 which will cover July - December 2022.

Management's Response

No response was provided by City of Calistoga's management as of this report date (April 26, 2023).

Information was requested on the following dates.

- January 31, 2023
- February 22, 2023
- March 30, 2023