

To the Board of Supervisors and Grand Jury  
County of Napa  
Napa, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Napa (the County) as of and for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures* during the year ended June 30, 2025. We noted no transactions entered into by County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

- Management's estimates of the net other postemployment benefits (OPEB) liability; net pension liability; and related pension expense, deferred inflows of resources, and deferred outflows of resources are based on the most recent actuarial valuations. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimates of the County's liabilities for self-insurance and depreciation expense are based on actuarial valuations and historical data. We evaluated key factors and assumptions used to develop the estimates of the County's liabilities for self-insurance and depreciation expense in determining that they are reasonable in relation to the financial statements as a whole.
- Management's estimate of the compensated absences liability is based on employee leave accrual records and County policies, and reflects GASB Statement No. 101's requirement to recognize leave that is attributable to services already rendered, accumulates or is otherwise earned, and is more likely than not to be used for time off or otherwise paid or settled through cash or noncash means. The estimate includes sick leave to the extent it is more likely than not to be used/paid/settled (including provisions such as the 120-hour cap and potential

conversion for retiree insurance premiums), and is measured using employees' pay rates in effect at the financial statement date, including salary-related payments. We evaluated the underlying data, relevant policy provisions, historical usage/settlement experience, and management's methodology, including recalculation of the liability and related financial statement classification, in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the discount rate for the purpose of calculating the right-to-use lease and subscription-based information technology arrangement (SBITA) assets, lease and SBITA liabilities, lease and SBITA receivables, and deferred inflows relating to leases and SBITAs. We evaluated the key factors and assumptions used to develop the estimate of the discount rate for the purpose of calculating the right-to-use lease and SBITA assets, lease and SBITA liabilities, lease and SBITA receivables, and deferred inflows relating to leases and SBITAs in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of Compensated Absences in Note 1 to the financial statements.
- The disclosure of Long-Term Liabilities in Note 5 to the financial statements.
- The disclosure of Leases and SBITAs in Note 6 to the financial statements.
- The disclosure of Pension in Note 10 to the financial statements.
- The disclosure of OPEB in Note 11 to the financial statements.
- The disclosure of Risk Management in Note 14 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 15, 2026.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of the County's Proportionate Share of Net Pension Liability, Schedule of the County's Pension Contributions, Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, Schedule of the County's OPEB Contributions, and Budgetary Comparison Schedules for major governmental funds, as listed in the table of contents, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the information and use of the Board of Supervisors, the Grand Jury, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
January 15, 2026