

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

1111 East Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685 Email: rjctcpa@aol.com

The Board of Directors
Peninsula Health Care District
Burlingame, California

We have audited the financial statements of Peninsula Health Care District (the District) for the year ended June 30, 2023, and have issued our report thereon dated October 25, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you within the contents of this letter dated October 25, 2023. Professional standards also require that we communicate to you other information as noted below related to our audit:

OUR RESPONSIBILITIES

Our Responsibility under U. S. Generally Accepted Auditing Standards - As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the District as of June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be considered deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Planned Scope and Timing of the Audit - We performed the audit according to the planned scope and timing previously communicated to management. Planning was performed in July and August, 2023 and audit fieldwork was performed in September and October, 2023.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices - Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note A of the financial statements. There were no new accounting policies adopted during the period of July 1, 2022 through June 30, 2023 and the application of existing policies were not changed during the period of July 1, 2022 through June 30, 2023. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions 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 - 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, as well as current judgments. 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 management's current judgments. In our opinion, the areas within the audit requiring certain accounting estimates are those estimates related to patients accounts receivable allowances related to the dental services.

Financial Statement Disclosures - Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures, in our opinion, affecting the financial statements are the disclosures related to revenues, restricted assets and debt borrowings.

Significant Audit Adjustments - For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that in our judgment, may not have been detected except through our auditing procedures. There were no significant adjustments of this nature and there were no significant proposed adjustments by us which needed to be made by the District's management.

Corrected and Uncorrected Misstatements - Professional standards require us to accumulate all known and likely misstatements noted during the audit, other than those that are trivial and insignificant, and communicate them to the appropriate level of management. We are pleased to report that there were no significant misstatements and that management has determined that the effects of noted misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreement with Management or Difficulties Encountered in Performing the Audit - For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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. In addition, we are pleased to report that we encountered no difficulties in dealing with management in performing the audit and were very pleased with their cooperation which helped to greatly expedite the audit process.

Management Representation - We have requested certain representations from management that are included in the management representation letter dated October 25, 2023.

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

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 consultant involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' 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 the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of AU section 543.

Restriction on Use - This information is intended solely for the use of the Finance Committee, Board of Directors, and management of the District and is not intended to be and should not be, used by anyone other than the specified parties.

Sincerely,

JW7 & Associates, LLP

Fresno, California
October 25, 2023