Health Care District
OF PALM BEACH COUNTY

Skilled Nursing Center

WE CARE FOR ALL.

Edward J. Healey Rehabilitation and Nursing Center

(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Financial Report and
Required Supplementary Information
September 30, 2024

Contents

RSM US LLP

Independent Auditor's Report

Members of the Board of Commissioners
Health Care District of Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of the Edward J. Healey Rehabilitation and Nursing Center (the Healey Center), an enterprise fund of the Health Care District of Palm Beach County, Florida (the District), as of and for the year ended September 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Healey Center of the District, as of September 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 1, the financial statements present only the Healey Center and do not purport to, and do not, present fairly the financial position of the District, as of September 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Healey Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the other post-employment benefits and pension related schedules as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the Healey Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Healey Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Healey Center's internal control over financial reporting and compliance.

RSM US LLP

West Palm Beach Florida
February 26, 2025

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Statement of Net Position
September 30, 2024

Assets		
Current assets:		
Patient accounts receivable, net	$	633,812
Settlement receivable		4,856,000
Prepaid expenses and other current assets		83,983
Total current assets		5,573,795
Restricted cash		3,887
Capital assets and right-to-use leased and SBITA assets:		
Land		3,971,465
Depreciable capital assets, net of accumulated depreciation		11,367,437
Right-to-use leased and SBITA assets, net of accumulated amortization		3,996
Total assets		20,920,580
Deferred outflows of resources related to OPEB and pension plans		35,535
Total assets and deferred outflows of resources	$	20,956,115
Liabilities		
Current liabilities:		
Accounts payable	$	289,047
Accrued salaries and benefits		1,367,526
Estimated third-party payor settlements		67,874
Current portion of accrued compensated absences		220,051
Current portion of estimated self-insured liability		45,662
Current portion of lease and SBITA payable		808
Total current liabilities		1,990,968
Accrued compensated absences, less current portion		825,800
Estimated self-insured liability, less current portion		41,769
Lease and SBITA payable, less current portion		3,210
Total other postemployment benefits obligation (OPEB)		88,787
Net pension liability		67,328
Total liabilities		3,017,862
Deferred inflows of resources related to OPEB and pension plans		159,216
Total liabilities and deferred inflows of resources	$	3,177,078
Net Position		
Net investment in capital assets	$	15,338,880
Restricted donor contributions		3,887
Unrestricted		2,436,270
Total net position	$	17,779,037

See notes to financial statements.

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Statement of Revenues, Expenses and Changes in Net Position
Fiscal Year Ended September 30, 2024

Operating revenues:	
Patient service revenues, net of provision for bad debts of $90,915	$ 8,775,908
Other operating revenues	16,325
Total operating revenues	8,792,233
Operating expenses:	
Salaries and benefits	17,187,550
Administrative support charges	3,668,067
Supplies	1,904,736
Purchased services	879,938
Depreciation and amortization	874,789
Utilities	599,254
Repairs and maintenance	360,294
Other	176,629
Total operating expenses	25,651,257
Operating loss	(16,859,024)
Nonoperating revenues (expenses):	
Grant revenues	9,100,000
Settlement income	4,856,000
Interest expense on leases and SBITA	(238)
Interest income	956
Loss on disposal of capital assets	(1,181)
Total nonoperating revenues (expenses)	13,955,537
Loss before District contributions	(2,903,487)
District contributions:	
Operating contributions	3,909,906
Capital contributions	249,145
Total District contributions	4,159,051
Change in net position	1,255,564
Net position, beginning of year	16,523,473
Net position, end of year	$ 17,779,037

See notes to financial statements.

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Statement of Cash Flows
Fiscal Year Ended September 30, 2024

Cash flows from operating activities:	
Receipts from patients and third-party payors	$ 9,042,288
Payments to employees	(17,379,882)
Payments to suppliers and service providers	(7,486,582)
Other receipts	16,325
Net cash used in operating activities	(15,807,851)
Cash flows from non-capital financing activities:	
Grants received	9,100,000
Operating contributions from the District	3,909,906
Net cash provided by non-capital financing activities	13,009,906
Cash flows from capital and related financing activities:	
Interest payments on leases	(238)
Principal payments on leases	(911)
Interest income	956
Net cash used in capital and related financing activities	(193)
Net decrease in cash and cash equivalents	(2,798,138)
Cash and cash equivalents, beginning of year	2,798,138
Cash and cash equivalents, end of year	$ -
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (16,859,024)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Provision for bad debts	90,915
Depreciation and amortization	874,789
Changes in assets and liabilities:	
Patient accounts receivable	174,673
Prepaid expenses and other current assets	38,107
Accounts payable	20,923
Accrued salaries and benefits	(33,724)
Estimated third-party payor payable	792
Accrued compensated absences	(132,033)
Estimated self-insured liability	43,306
Total other postemployment benefits obligation and pension	(26,575)
Net cash used in operating activities	$ (15,807,851)
Supplemental disclosure of noncash capital and related financing activities:	
Capital assets contributed at acquisition value	$ 249,145

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Edward J. Healey Rehabilitation and Nursing Center (the Healey Center) located in Riviera Beach, Florida is owned and operated by the Health Care District of Palm Beach County, Florida (the District). The District was created by the Florida Legislature pursuant to Chapter 2003-326, Laws of Florida (the Health Care Act) and by the affirmative vote of the residents of Palm Beach County, Florida (the County). The District's general purpose is to provide quality health care services in a comprehensive and efficient manner throughout the County, as more fully set forth in the Health Care Act. The Healey Center opened in 2013, for the purpose of providing short-term and long-term rehabilitation and 24/7 skilled nursing care for eligible adult county residents.

The Healey Center is an enterprise fund of the District. The financial statements herein present only the Healey Center and do not purport to, and do not, present fairly the financial position of the District, the changes in its financial position, or, where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

Measurement focus and basis of accounting: The Healey Center uses proprietary fund accounting and follows all relevant pronouncements of the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recognized when incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets/deferred outflows of resources and liabilities/ deferred inflows of resources and disclosure of contingent assets/deferred outflows of resources and liabilities/deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowances for contractual discounts and doubtful accounts, estimated third-party payor settlements, pension liabilities and the professional liability accrual. Actual results could differ from those estimates.

Restricted cash: The Healey Center classifies certain amounts of cash as restricted assets because the amounts are not currently available, and their use is restricted for specific purposes by statutory and legal requirements.

Patient accounts receivable: Patient accounts receivable are reported at estimated net realizable amounts due from patients, third-party payors and others for services rendered. The Healey Center grants credit without collateral to its patients, most of whom are residents of western Palm Beach County. Throughout the year, management assesses the adequacy of the Healey Center's estimates, including those related to bad debt and contractual discounts. The accounting policies related to the Healey Center's overall determination of net patient accounts receivable are described in the paragraphs that follow.

Note 1. Summary of Significant Accounting Policies (Continued)

Allowance for doubtful accounts: The provision for bad debts is estimated based on management's assessment of historical and expected net collections, considering business and economic conditions, trends in health care coverage and other collection indicators. The primary collection risk lies with uninsured patient accounts or patient accounts for which a balance remains after primary insurance has paid. The Healey Center's policy with respect to estimating its allowance for doubtful accounts is to reserve 100% of all self-pay patient balances over 180 days. The Healey Center continually monitors its accounts receivable balances and utilizes cash collections data and other analysis to support the basis for its estimates of the allowance for doubtful accounts. In addition, the Healey Center performs retrospective procedures on historical collection and write-off experience for the prior six months to determine the reasonableness of its policy for estimating the allowance for doubtful accounts. The Healey Center does not pursue collection of amounts related to patients that qualify for charity care under its guidelines. As such, charity care accounts do not affect the allowance for doubtful accounts. Significant changes in the payor mix, business office operations or deterioration in aging accounts receivable could result in a significant increase in the allowance for doubtful accounts.

Allowance for contractual discounts: The Healey Center estimates the allowance for contractual discounts on a payor-specific basis, given its interpretation of the applicable regulations or contract terms. The Healey Center continually monitors its accounts receivable balances and utilizes cash collections data and other analysis to support the basis for its estimates of the allowance for contractual discounts. In addition, the Healey Center performs retrospective procedures on historical collection and write-off experience for the prior six months to determine the reasonableness of its policy for estimating the allowance for contractual discounts. However, the services authorized and provided and the resulting reimbursement are often subject to interpretation. These interpretations sometimes result in payments that differ from the Healey Center's estimates. Additionally, updated regulations and contract negotiations occur frequently, necessitating the continual review and assessment of the estimation process.

Capital assets: Capital assets are recorded at acquisition cost. Capital assets contributed by the District are recorded at the District's carrying value. Assets contributed by others are recorded at their estimated acquisition value on the date contributed. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures and equipment, computer software, vehicles and right-to-use leased assets. The Healey Center defines capital assets as assets with an initial cost of at least $5,000 and an estimated useful life of at least one year. Capital assets used in operations are depreciated over the estimated useful lives of the respective assets on the straight-line basis. Amortization expense of right-to-use leased and Subscription Based Information Technology Arrangements (SBITA) assets, is included in depreciation and amortization expense. Gains and losses on dispositions of capital assets are recorded in the period of disposal. The estimated useful lives generally conform to those recommended by the American Hospital Association as follows:

Asset Type	Years
Buildings and improvements	15-30
Furniture, fixtures and equipment	3-20
Computer software	3-10
Vehicles	3-5

The Healey Center evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of the assets. An impairment charge is recorded on those assets for which the estimated fair value is below the carrying amount. No impairment was recorded in fiscal year 2024.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases and SBITAs: The Healey Center is a lessee for noncancellable leases of equipment and has entered into SBITAs to use vendor provided information technology intangible assets (thereafter leases). The Healey Center recognizes a lease liability and an intangible right-to-use leased and SBITA asset (lease asset) on the financial statements.

At the commencement of the lease, the Healey Center initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Healey Center determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Healey Center uses estimated incremental borrowing rates, which is the estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Healey Center is reasonably certain to exercise.

The Healey Center is currently not a lessor in any transactions.

The Healey Center monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets and SBITA are reported as right-to-use leased and SBITA assets on the statement of net position. The related lease liabilities are reported as lease and SBITA payables on the statement of net position.

Net position: In accordance with GASB standards, the Healey Center reports net position in three components: net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets consists of right-to-use, SBITA and capital assets net of accumulated depreciation and amortization, reduced by the balance of any outstanding debt (including lease and SBITA payables) used to finance the purchase or construction of those assets. Restricted net position is assets/deferred outflows of resources less liabilities/deferred inflows of resources that have constraints placed on them externally by creditors, grantors, contributors or laws and regulations. Unrestricted net position consists of remaining assets/deferred outflows of resources less liabilities/deferred inflows of resources that do not meet the definition of investment in capital assets or restricted net position.

Restricted resources: When the Healey Center has both restricted and unrestricted resources available to finance a particular program, it is the Healey Center's policy to use the restricted resources before unrestricted resources. The Healey Center presently has no restricted resources.

Note 1. Summary of Significant Accounting Policies (Continued)

Net patient service revenues: The Healey Center serves patients whose medical costs are not paid at established rates. These include patients sponsored under government programs, such as Medicare and Medicaid, patients sponsored under private contractual agreements, and uninsured patients who have limited ability to pay. Contractual adjustments under third-party reimbursement programs represent the difference between the established rates for services and amounts reimbursed by third-party payors and are included as a reduction of patient service revenues. The Healey Center presents its provision for bad debts as a direct reduction of patient service revenues.

A summary of the basis of reimbursement with major third-party payors is as follows:

Medicare: Inpatient acute care services rendered to Medicare beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, outpatient services and defined capital costs related to Medicare beneficiaries are primarily reimbursed on a prospective payment system, which is complex, subject to frequent change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review the Healey Center’s compliance with these laws and regulations. Such review may result in adjustments to reimbursements previously received and subject the Healey Center to fines and penalties. Although no assurances can be given, management believes they have complied with the requirements of these programs. The Healey Center’s classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Healey Center.

Medicaid: Payments under All Patient Refined Diagnostic Related Groups methodology (APR DRG) assignments are made on a per case basis and are not subject to retrospective rate adjustments.

Commercial providers: The Healey Center also has reimbursement agreements with commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates and capitation. Certain provider contracts provide for review of paid claims for compliance with the terms of the contract and may result in retroactive settlements with providers. In management’s opinion, such settlements, when reached, will not vary significantly from the estimated amounts that are recorded in the accompanying financial statements.

Charity care: The Healey Center’s mission is to provide high quality, affordable health care to the greater Riviera Beach area community. In pursuing its commitment to serve all members of the community, the Healey Center provides services to the financially disadvantaged, despite the lack or adequacy of payment for its services. The Healey Center maintains records to identify and report the level of charity care it provides to the community. These records include the amount of charges foregone for health care services and supplies furnished under the Healey Center’s charity care guidelines. The Healey Center provides care to patients who meet certain criteria under its charity care guidelines without charge or at amounts less than its established rates. Because the Healey Center does not anticipate payment when services are rendered and does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. Charges foregone, based on the Healey Center’s established rates, and excluded from revenue under the Healey Center’s charity care guidelines were approximately \$3,856,000 for the year ended September 30, 2024. Using the Healey Center’s average ratio of cost to charges, the cost of the charity care provided was approximately \$7,269,000 and the percentage of charity care charges to all patient charges was 28.3% for the year ended September 30, 2024.

Note 1. Summary of Significant Accounting Policies (Continued)

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods when adjustments become known or as years are no longer subject to audits, reviews or investigations.

Net patient service revenue: The Healey Center's gross patient charges, charity adjustments, provision for doubtful accounts, and contractual adjustments for the year ended September 30, 2024, are as follows:

Gross patient charges	$ 13,606,242
Charity care adjustment	(3,855,616)
Provision for doubtful accounts	(90,915)
Contractual adjustment	(883,803)
Net patient service revenue	$ 8,775,908

Operating revenues and expenses: The Healey Center's statement of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Healey Center's principal activity. Nonexchange revenues, including interest income, gifts, grants, contributions and other unrestricted revenues, are reported as nonoperating revenues. Gifts, grants and contributions of capital assets, or such amounts restricted by donors for the acquisition of capital assets, are reported as capital contributions. Operating expenses include all expenses incurred to provide health care services, other than financing costs.

Grant revenues: Grant revenues are recorded when the related expenses are incurred and the eligibility and time requirements have been met. Grant funds received in advance of meeting eligibility requirements are reported as unearned grant revenues.

Compensated absences: The Healey Center's employees earn paid time off (with no distinction between holiday, vacation, personal days and other absences) at varying rates depending on years of service and position. Employees may accumulate a maximum of 400 hours of paid time off. Upon termination, employees are paid all time off accrued but not used at the current rate of pay. The estimated amount of paid time off available is reported as a liability. The Healey Center estimates amounts due within one year based on historical trends.

Risk management: The Healey Center is exposed to various risks of loss from torts, theft of, damage to and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, medical malpractice, and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters to the extent such claims are not covered by sovereign immunity (see Note 10). Settled claims have not exceeded the Healey Center's commercial coverage from inception through September 30, 2024.

Income taxes: The Healey Center is exempt from federal and state income taxes as a governmental entity and is not required under the Internal Revenue Code to file tax returns.

Note 1. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* The statement improves the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective October 1, 2023, the Healey Center adopted this Statement with no material effect.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* The statement improves the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement will be effective for the Healey Center beginning with its fiscal year ending September 30, 2025.

Note 2. Restricted Cash

At September 30, 2024, restricted cash included in the Healey Center's statement of net position consisted of the following:

Carrying amount:		
Deposits with financial institutions-restricted		
donor contributions	$	3,887

The District is responsible for all treasury functions, and pools all cash and investments, except for cash and investment accounts required by specific agreements to be maintained under legal restrictions in separate bank accounts.

See the District's Annual Financial Report for disclosures relating to its interest rate risk, credit risk, custodial credit risk, concentration of credit risk and related fair value measurement disclosures required by GASB.

Note 3. Patient Accounts Receivable

Patient accounts receivable, reported as current assets by the Healey Center at September 30, 2024, consist of the following amounts:

Receivable from patients	$	73,222
Receivable from patients' insurance carriers		30,458
Receivable from Medicare		29,506
Receivable from Medicaid		509,089
Total patient accounts receivable		642,275
Less allowance for contractual discounts		(1,444)
Less allowance for doubtful accounts		(7,019)
Total allowances		(8,463)
Patient accounts receivable, net	$	633,812

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2024, is summarized as follows:

	Balance September 30, 2023	Increases and Transfers	Decreases and Transfers	Balance September 30, 2024
Capital assets:				
Land	$ 3,971,465	$ -	$ -	$ 3,971,465
Construction in progress (nondepreciable)	131,522	158,466	(289,988)	-
Buildings and improvements	18,089,395	345,793	-	18,435,188
Furniture, fixtures and equipment	2,232,159	34,874	(49,721)	2,217,312
Total cost	24,424,541	539,133	(339,709)	24,623,965
Less accumulated depreciation:				
Buildings and improvements	(6,678,877)	(770,697)	-	(7,449,574)
Furniture, fixtures and equipment	(1,780,863)	(103,166)	48,540	(1,835,489)
Total accumulated depreciation	(8,459,740)	(873,863)	48,540	(9,285,063)
Capital assets, net	$ 15,964,801	$ (334,730)	$ (291,169)	$ 15,338,902

Note 5. Right-to-Use Lease and SBITA Assets and Liabilities

The Healey Center is a lessee for various noncancellable leases for equipment and has entered into SBITAs to use vendor-provided information technology intangible assets.

Right-to-use lease and SBITA assets activity for the year ended September 30, 2024, are summarized as follows:

	Balance September 30, 2023	Increases and Transfers	Decreases and Transfers	Balance September 30, 2024
Right-to-use leased and SBITA assets:				
Equipment and other	$ 2,680	$ 4,624	$ (2,680)	$ 4,624
Total right-to-use leased assets	2,680	4,624	(2,680)	4,624
Less accumulated amortization:				
Equipment and other	(2,382)	(926)	2,680	(628)
Total accumulated amortization	(2,382)	(926)	2,680	(628)
Total right-to-use leased and SBITA assets, net	$ 298	$ 3,698	$ -	$ 3,996

Note 5. Right-to-Use Lease and SBITA Assets and Liabilities (Continued)

Lease and SBITA liabilities activity for the year ended September 30, 2024, are summarized as follows:

	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Lease and SBITA payables:				
Equipment and other	$ 306	$ 4,623	$ (911)	$ 4,018
Total lease and SBITA payables	$ 306	$ 4,623	$ (911)	$ 4,018

The future principal and interest payments due on the lease and SBITA liabilities are as follows:

	Principal	Interest	Total
Fiscal year ending September 30:			
2025	$ 808	$ 314	$ 1,122
2026	880	242	1,122
2027	958	165	1,123
2028	1,042	80	1,122
2029	330	6	336
Total	$ 4,018	$ 807	$ 4,825

Note 6. Compensated Absences

Compensated absences liability for the year ended September 30, 2024, are summarized as follows:

	Balance September 30, 2023	Change	Balance September 30, 2024	Amounts Due Within One Year
Accrued compensated absences	$ 1,177,884	$ (132,033)	$ 1,045,851	$ 220,051

Note 7. Other Postemployment Benefits

The Healey Center follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for financial reporting and disclosure for its other postemployment benefits plan (OPEB Plan).

Plan description: The Healey Center participates in the District's single-employer OPEB Plan that provides health care benefits to eligible retired employees and their spouses and/or beneficiaries. The District Board has the authority to establish and amend the premiums for and the benefit provisions of the OPEB Plan. The OPEB Plan is financed on a "pay as you go" basis and is not administered as a formal qualifying trust. The OPEB Plan does not issue a stand-alone publicly available financial report.

Note 7. Other Postemployment Benefits (Continued)

Funding policy: The Healey Center is required by Florida Statutes, Section 112.0801 to allow retirees to buy health care coverage at the same group insurance rates that current employees are charged, resulting in an implicit health care benefit. Florida law prohibits the OPEB Plan from separately rating retirees and active employees. The OPEB Plan, therefore, charges both groups an equal, blended rate premium for health insurance. Although both groups are charged the same blended rate premium, U.S. GAAP requires the actuarial figures to be calculated using age-adjusted premiums approximating claim costs for retirees separately from active employees. The use of age-adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly medical premium, which currently ranges from a minimum of $850 to a maximum of $2,609.

District employees covered by benefit terms: At October 1, 2023, there were four retirees and 799 active plan members covered by the benefit terms for the overall District.

Total OPEB liability: The Healey Center's allocated proportionate share of the District's total OPEB liability was $88,787 for the year ended September 30, 2024. The total OPEB liability was measured at September 30, 2024, based on an actuarial valuation as of October 1, 2023.

The total OPEB liability in the October 1, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3%
Investment rate of return	Not applicable. The plan is not funded.
Discount rate	4.06%
Health care cost trend rates	7.50% in 2023-2024, graded down to 4.5% by 0.25% per year
Mortality	Pub-2010 Headcount weighted mortality table for general, public employer, annuitant and non-annuitant, sex distinct with 2024 IRS adjusted MP-2021

The discount rate used to measure the total OPEB liability was based on a 20-year AA/Aa tax-exempt municipal bond yield at the measurement date.

The following provides the changes to the total OPEB liability for the year ended September 30, 2024:

Beginning balance	$ 98,737
Service cost	7,128
Interest	4,904
Difference between expected and actual experience	(21,806)
Changes of assumptions	4,968
Implicit benefit payments	(5,144)
Net changes	(9,950)
Ending balance	$ 88,787

Note 7. Other Postemployment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Healey Center, as well as what the Healey Center's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the discount rate for the year ended September 30, 2024:

	Discount Rate		
	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	$ 98,211	$ 88,787	$ 84,074

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the total OPEB liability of the Healey Center, as well as what the Healey Center's total OPEB liability would be if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates for the year ended September 30, 2024:

	Trend Rate		
	1% Decrease 6.50%	Current Trend Rate 7.50%	1% Increase Rate 8.50%
Total OPEB liability	$ 83,347	$ 88,787	$ 98,908

OPEB expense and deferred inflows and outflows of resources related to OPEB: The Healey Center recognized OPEB expense of $4,986 for the year ended September 30, 2024. At September 30, 2024, the Healey Center reported deferred inflows and outflows of resources for changes in assumptions of $57,824 and $8,950, respectively, related to the OPEB plan. Amounts reported as deferred inflows and outflows of resources related to the OPEB plan will be recognized in OPEB expense on a straight-line basis over the next 10 years.

Note 8. Retirement Plans

District defined contribution plan: In October 1990, the District established the Health Care District of Palm Beach County 401(a) Retirement Plan (the Plan), a defined contribution pension plan that covers employees of the District and its wholly owned affiliates, including employees not participating in the Florida Retirement System (FRS) Plan who are 18 years of age or older and have completed one year of service. The Plan is administered by Empower Retirement. For employees hired after September 30, 2012, the District contributes 4% for general employees, 5% for Associate Vice Presidents and 6% for Vice Presidents of eligible compensation to the Plan and makes matching contributions equal to 100% of the participants' elective deferrals up to 4%, 5% and 6% of eligible compensation based on job title, as listed above. The District contributes 15% of eligible compensation for employees hired prior to October 1, 2012. Contribution rates and benefits of the Plan are established by and may be amended by the District Board. For the fiscal year ended September 30, 2024, the Healey Center contributed approximately $868,000 to the Plan for its employees. Employees are fully vested after 3 years of service.

Note 8. Retirement Plans (Continued)

District deferred compensation plan: The District also established and provides its employees with access to a 457(b) Deferred Compensation plan named the Health Care District of Palm Beach County Deferred Compensation 457(b) and Roth 457(b) plan. Under these plans, an employee is able to contribute pre-tax wage/salary dollars into the 457(b) and/or a post-tax wage/salary dollar into the Roth 457(b). The 457(b) & Roth 457(b) Plans are administered by Empower Retirement. An employee can defer up to $23,000 annually of eligible compensation or $30,500 annually for aged 50+. These limits are subject to change each calendar year. No contributions are required of the District. Contribution rates and benefits of the 457(b) & Roth 457(b) Plans are established by the District Board and may be amended in the future by the District Board.

Florida Retirement System (FRS) Plan:

Plan description*:* The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a nonintegrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Publicly available FRS financial report*:* FRS issues a publicly available financial report that includes financial statements and required supplementary information. The complete financial report for FRS is available on the Publications page of the Division of Retirement's website at www.frs.myflorida.com or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling toll free 877.377.1737 or 850.488.5706.

Funding policy*:* The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. Employer and employee contribution rates are established by state law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method.

The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature. The unfunded actuarial liability resulting from past and future plan benefit changes, assumption changes or methodology changes, and actuarial gains and losses are amortized over 30 years, using level percentage of payroll.

Contributions*:* Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The Healey Center's contributions to FRS for the fiscal year ended September 30, 2024 was $7,753, and was equal to the required contributions for the year.

Note 8. Retirement Plans (Continued)

Benefits provided*:* FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions*:* At September 30, 2024, the Healey Center reported a liability of $52,965 for its proportionate share of the pension plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Healey Center's proportionate share of the net pension liability was based on the Healey Center's 2024 fiscal year contributions relative to the 2024 fiscal year contributions of all participating members. At June 30, 2024, the Healey Center's proportionate share was 0.0002%, which was the same proportionate share measured as of June 30, 2023.

For the year ended September 30, 2024, the Healey Center recognized a credit to pension expense of $10,726. In addition, the Healey Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,351	$ -
Change of assumptions	7,259	-
Net difference between projected and actual earnings on FRS pension plan investments	-	3,520
Changes in proportion and differences between Healey Center FRS contributions and proportionate share of contributions	12,069	64,976
Total	$ 24,679	$ 68,496

Note 8. Retirement Plans (Continued)

Deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as a credit to pension expense as follows:

Fiscal years ending September 30:	FRS
2025	$ (8,306)
2026	(8,306)
2027	(8,306)
2028	(8,306)
2029	(8,306)
Thereafter	(2,287)
	$ (43,817)

Actuarial assumptions*:* The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table and varies by member category and sex, projected generationally with Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

	FRS			
Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate (property)	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100%			
Assumed Inflation – Mean			2.4%	1.5%

(1) As outlined in the Pension Plan's investment policy .

Note 8. Retirement Plans (Continued)

Discount rate*:* The discount rate used to measure the total pension liability was 6.70%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected investment rate of return.

Sensitivity of the Healey Center's proportionate share of the net pension liability to changes in the discount rate*:* The following represents the Healey Center's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Healey Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	FRS		
	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Healey Center's proportionate share of the net pension liability	$ 93,164	$ 52,965	$ 19,290

Pension plan fiduciary net position: Detailed information regarding the pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Financial Report.

Retiree Health Insurance Subsidy (HIS) Plan:

Plan description*:* The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits provided*:* For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions*:* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution rate was 2.0%. The Healey Center contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The Healey Center's contributions to the HIS Plan for the fiscal year ended September 30, 2024 was $811 and equaled the required contributions for the year ended.

Note 8. Retirement Plans (Continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions*:* At September 30, 2024, the Healey Center reported a liability of $14,363 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Healey Center's proportionate share of the net pension liability was based on the Healey Center's 2024 fiscal year contributions relative to the 2024 fiscal year contributions of all participating members. At June 30, 2024, the Healey Center's proportionate share was 0.0001%, which was the same proportionate share measured as of June 30, 2023.

For the year ended September 30, 2024, the Healey Center recognized a credit to pension expense of $10,025. In addition, the Healey Center reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

	HIS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139	$ 28
Change of assumptions	254	1,700
Net difference between projected and actual earnings on FRS pension plan investments	-	5
Changes in proportion and differences between Healey Center HIS contributions and proportionate share of contributions	1,513	31,163
Total	$ 1,906	$ 32,896

Deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized as a credit to pension expense as follows:

Fiscal years ending September 30:	HIS
2025	$ (4,919)
2026	(4,919)
2027	(4,919)
2028	(4,919)
2029	(4,919)
Thereafter	(6,395)
	$ (30,990)

Actuarial assumptions*:* The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the Generational PUB-2010 table with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Note 8. Retirement Plans (Continued)

Discount rate*:* The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Healey Center's proportionate share of the net pension liability to changes in the discount rate*:* The following represents the Healey Center's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Healey Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	HIS		
	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
District's proportionate share of the net pension liability	$ 16,350	$ 14,363	$ 12,713

Pension plan fiduciary net position*:* Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Financial Report.

The following table summarizes the net pension liability, deferred outflow and inflow of resources and pension expense (credits) as previously disclosed in Note 8 for the FRS and HIS plans:

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Credit)
FRS Plan	$ 52,965	$ 24,679	$ 68,496	$ (10,726)
HIS Plan	14,363	1,906	32,896	(10,025)
Total	$ 67,328	$ 26,585	$ 101,392	$ (20,751)

Note 9. Related-Party Transactions

The Healey Center received approximately $3,910,000 and $249,000 in operating and capital contributions, respectively, from the District during the year ended September 30, 2024.

The District allocated certain department support charges to the Healey Center, including personnel, purchasing, information technology, legal and administrative costs. The total District allocated costs charged to expense by the Healey Center were approximately $3,668,000 for the year ended September 30, 2024. Such charges are recorded as administrative support charges in the statement of revenues, expenses and changes in net position.

Note 9. Related-Party Transactions (Continued)

District defined contribution plan: In October 1990, the District established the Health Care District of Palm Beach County 401(a) Retirement Plan (the Plan), a defined contribution pension plan that covers employees of the District and its wholly owned affiliates, including employees not participating in the Florida Retirement System (FRS) Plan who are 18 years of age or older and have completed one year of service.

Note 10. Commitments and Contingencies

Contract commitments: The Healey Center has entered into various contracts for services, agreements with physicians and physician groups. The provisions of those contracts are summarized as follows:

Service contracts: The Healey Center has entered into various contracts for maintenance and other services. The remaining term of the individual service contracts at September 30, 2024, is generally one to five years.

The future minimum payments for these contracts at September 30, 2024, are summarized as follows:

	Service Contracts
Years ending September 30:	
2025	$ 42,424
2026	29,081
	$ 71,505

Professional and general liability claims: The Healey Center is subject to claims and lawsuits arising in the ordinary course of business, including claims for damages from medical malpractice, personal injuries, employment-related claims, breach of management contracts and for wrongful restriction of or interference with physicians' staff privileges. Except where prohibited by statute, in certain of these actions, plaintiffs may seek punitive or other damages against the Healey Center, which are generally not covered by insurance.

The Healey Center, as a result of its management and control by the District as an independent special taxing district and a political subdivision of the State, is entitled to sovereign immunity under Florida law. For tort actions (with claims arising on or after October 1, 2011), Florida has a limited waiver of sovereign immunity at section 768.28, Florida Statutes. The District's liability for tort is limited to $200,000 per claim and $300,000 in the aggregate. Judgments may be claimed or rendered in excess of the sovereign immunity limits; however, the District cannot be liable for such excess amounts unless the claim/judgment is presented to and approved by the Florida legislature (i.e., claims bill).

Additionally, on June 1, 2015, the District obtained an umbrella liability policy for coverage in excess of the self-insured retention levels of $500,000 for professional and general liability exposures per incident and $850,000 in the aggregate, as well as underlying insurance policies for employers' liability, business automobile liability and aviation general liability exposures.

The excess policies, with aggregate limits of $5 million each and $10 million combined, only responds in the event a covered loss results in a claims bill that is approved by the Legislature. The Healey Center's management, in consultation with legal counsel, believes all general and professional liability claims are covered by insurance or limited under sovereign immunity and will not have any significant impact on the financial condition of the Healey Center in excess of the amounts accrued at fiscal year-end.

Note 10. Commitments and Contingencies (Continued)

Estimated professional and general liability claims, which are recorded as estimated self-insured liability in the statement of net position, are summarized as follows:

	Balance September 30, 2023	Additions	Reductions	Balance September 30, 2024	Amounts Due Within One Year
Estimated professional and general liability claims	$ 44,125	$ 43,306	$ -	$ 87,431	$ 45,662

Medicare and Medicaid: Revenue from the Medicare and Medicaid programs accounted for a significant portion of the Healey Center's net patient service revenues for 2024. The Healey Center's Medicare and Medicaid cost reports through the year ended September 30, 2020, have been audited. The Healey Center's cost reports for the year ended September 30, 2024, have not been filed.

The Healey Center has recorded an estimated payable of $67,874 at September 30, 2024, for future audit settlements related to Medicare and Medicaid charges. The final determination of amounts earned pursuant to the Medicare and Medicaid programs for open years is subject to review by appropriate governmental agencies or their agents.

The Centers for Medicare & Medicaid Services (CMS) has implemented a program using recovery audit contractors (RAC) as part of the CMS efforts to assure accurate payments. The program uses the RAC to review claims for potentially improper Medicare payments that may have been made to health care providers and were not detected through existing CMS program reviews. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from, or addition to, the provider's Medicare reimbursement for the amount of the estimated overpayment or underpayment. The Healey Center records an adjustment to revenue for any overpayment or underpayment at the time notice is received from the RAC and the amount can be reasonably estimated. There were no material RAC adjustments, audit recoveries or settlements for prior periods related to the Medicare and Medicaid programs during 2024, and no liability has been recorded for estimated RAC settlements.

Compliance with laws and regulations: The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, anti-kickback and anti-referral laws, false claims prohibitions, and Medicare and Medicaid fraud and abuse. In addition, as a tax-exempt entity, the Healey Center is also subject to the laws and regulations related to its tax exemption.

Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions that are unknown or unasserted at this time. Violations of these laws and regulations could result in significant fines and penalties, including repayments for patient services previously reimbursed. Management believes that the Healey Center has generally complied with applicable laws and regulations that could have a material impact on the financial statements of the Healey Center and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance.

Note 10. Commitments and Contingencies (Continued)

Settlement: In 2024 the District as plaintiff entered into a settlement and release agreement with a contractor for the recovery of damages caused by improper design and construction services performed at the Healey Center. The terms of the settlement included payments for damages and for future repairs to be made at the Healey Center. Total payments to be received by the District related to the settlement are approximately $5,000,000. For the year ended September 30, 2024, the Healey Center recorded settlement income of approximately $4,856,000.

Required Supplementary Information
Unaudited

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Required Supplementary Information
Other Post-Employment Benefits
Schedule of Changes in the Total OPEB Liability and Related Ratios
(Unaudited Last Seven Years)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	$ 7,128	$ 7,405	$ 9,518	$ 10,191	$ 6,677	$ 6,785	$ 7,234
Interest	4,904	4,522	3,096	2,679	4,443	4,302	3,803
Difference between expected and actual experience	(21,806)	-	(11,763)	-	(16,200)	-	-
Changes of assumptions	4,968	(578)	(28,305)	(2,092)	8,312	1,400	(1,817)
Implicit benefit payments	(5,144)	(3,043)	(7,867)	(5,675)	(6,465)	(4,129)	(2,515)
Net change in total OPEB liability	(9,950)	8,306	(35,321)	5,103	(3,233)	8,358	6,705
Total OPEB liability—beginning	98,737	90,431	125,752	120,649	123,882	115,524	108,819
Total OPEB liability—ending	$ 88,787	$ 98,737	$ 90,431	$ 125,752	$ 120,649	$ 123,882	$ 115,524
Covered payroll	$ 13,130,111	$ 13,636,093	$ 13,322,036	$ 11,988,192	$ 11,817,811	$ 10,080,499	$ 10,297,751
Total OPEB liability as a percentage of covered payroll	0.68%	0.72%	0.68%	1.05%	1.02%	1.23%	1.12%
Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

Notes to schedule:

(1) Assumption changes since prior valuation:

- Discount rate decreased from 4.87% to 4.06%

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Schedule of Healey Center Proportionate Share of Net Pension Liability (Unaudited)
Florida Retirement System Plans
September 30, 2024
Last Ten Years

Florida Retirement System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Healey Centers' proportion of the net pension liability	0.0002%	0.0002%	0.0002%	0.0006%	0.0005%	0.0004%	0.0005%	0.0006%	0.0007%	0.0011%
Healey Center's proportionate share of the net pension liability	$ 52,965	$ 66,596	$ 90,051	$ 43,844	$ 218,327	$ 129,871	$ 154,566	$ 189,758	$ 169,053	$ 143,204
Healey Center's covered payroll	$ 27,662	$ 47,569	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632
Healey Center's proportionate share of the net pension liability as a percentage of its covered payroll	191.47%	140.00%	181.59%	24.21%	132.15%	70.08%	77.65%	86.25%	70.04%	42.54%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Health Insurance Subsidy Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Healey Center' proportion of the HIS liability	0.0001%	0.0001%	0.0002%	0.0005%	0.0005%	0.0005%	0.0006%	0.0007%	0.0009%	0.0013%
Healey Center's proportionate share of the HIS liability	$ 14,363	$ 19,022	$ 21,597	$ 61,911	$ 57,189	$ 55,371	$ 64,506	$ 74,483	$ 101,159	$ 134,730
Healey Center's covered payroll	$ 27,662	$ 47,569	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632
Healey Center's proportionate share of the HIS liability as a percentage of its covered payroll	51.92%	39.99%	43.55%	34.19%	34.62%	29.88%	32.40%	33.86%	41.91%	40.02%
Plan fiduciary net position as a percentage of the total HIS liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note: Information above is presented as required by GASB 68, *Accounting and Financial Reporting for Pensions.*

Edward J. Healey Rehabilitation and Nursing Center
(An Enterprise Fund of the Health Care District of Palm Beach County, Florida)

Schedule of Healey Contributions (Unaudited)
Florida Retirement System Plans
September 30, 2024
Last Ten Years

Florida Retirement System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 7,753	$ 8,040	$ 10,327	$ 22,111	$ 16,737	$ 11,693	$ 14,625	$ 16,701	$ 19,600	$ 31,483
Contributions in relation to the contractually required contribution	(7,753)	(8,040)	(10,327)	(22,111)	(16,737)	(11,693)	(14,625)	(16,701)	(19,600)	(31,483)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 27,662	$ 47,569	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632
Contributions as a percentage of covered payroll	28.03%	16.90%	20.82%	12.21%	10.13%	6.31%	7.35%	7.59%	8.12%	9.35%

Health Insurance Subsidy Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 811	$ 788	$ 1,234	$ 2,967	$ 2,699	$ 2,748	$ 3,305	$ 3,687	$ 4,449	$ 14,617
Contributions in relation to the contractually required contribution	(811)	(788)	(1,234)	(2,967)	(2,699)	(2,748)	(3,305)	(3,687)	(4,449)	(14,617)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 27,662	$ 47,569	$ 49,591	$ 181,086	$ 165,210	$ 185,312	$ 199,062	$ 220,000	$ 241,375	$ 336,632
Contributions as a percentage of covered payroll	2.93%	1.66%	2.49%	1.64%	1.63%	1.48%	1.66%	1.68%	1.84%	4.34%

Note: Information above is presented as required by GASB 68, *Accounting and Financial Reporting for Pensions.*

RSM US LLP

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Health Care District of Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the Edward J. Healey Rehabilitation and Nursing Center (the Healey Center), an enterprise fund of the Health Care District of Palm Beach County, Florida (the District), as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise the Healey Center's financial statements, and have issued our report thereon dated February 26, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Healey Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Healey Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Healey Center'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Healey Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Healey Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Healey Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

West Palm Beach, Florida
February 26, 2025

Health Care District

OF PALM BEACH COUNTY

WE CARE FOR ALL

Financial report prepared by the Finance Department of the Health Care District of Palm Beach County

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