HOSPITAL SERVICE DISTRICT NO. 1 OF
EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Zachary, Louisiana

Audited Financial Statements

June 30, 2021 and 2020

LAPORTE
CPAs & BUSINESS ADVISORS

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LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 1 of
East Baton Rouge Parish, Louisiana
d/b/a Lane Regional Medical Center
Zachary, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities which is the major fund of the Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana d/b/a Lane Regional Medical Center (the Organization), a component unit of the City-Parish of Baton Rouge, and Lane Regional Medical Center Retirement Plan (a fiduciary fund of the Organization) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities which is the major fund of the Organization and Lane Regional Medical Center Retirement Plan as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle
As discussed in Note 2 to the basic financial statements, the Organization adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Organization reported a restatement for a change in accounting principle and the inclusion of the pension trust fund in the previously issued 2020 financial statements, our auditor's opinion was not modified with respect to that restatement.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that required supplementary information on pages 49-53, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

The Organization has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization and Lane Regional Medical Center Retirement Plan's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A, and the accompanying schedule of board of commissioners and salaries are also presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the schedule of compensation, benefits, and other payments to agency head, and the schedule of board of commissioners and salaries are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards, the schedule of compensation, benefits, and other payments to agency head, and the schedule of board of commissioners and salaries are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Organization'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 the effectiveness of the Organization's and Lane Regional Medical Center Retirement Plan's internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
November 30, 2021

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Net Position - Proprietary Fund
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	$ 12,837,167	$ 9,167,218
Investments	32,239,523	19,903,589
Assets Limited as to Use, Current Portion	407,120	425,240
Patient Accounts Receivable, Net of Allowances for Uncollectible Accounts of $8,321,381 and $7,659,466 in 2021 and 2020, Respectively	7,951,208	7,581,066
Inventory	2,329,742	2,027,255
Prepaid Expenses	1,431,071	1,133,250
Estimated Third-Party Payor Settlements	112,755	-
Other Current Assets	18,696,340	17,398,553
Total Current Assets	76,004,926	57,636,171
Assets Limited as to Use		
Held by Trustee for Debt Service	407,120	425,240
Less: Portion Required for Current Liabilities	(407,120)	(425,240)
Total Assets Limited as to Use	-	-
Capital Assets, Net	42,564,352	45,048,176
Net Pension Asset	4,927,158	-
Other Assets	534,985	418,524
Total Assets	124,031,421	103,102,871
Deferred Outflows of Resources		
Deferred Amounts Related to Pensions	-	726,230
Total Assets and Deferred Outflows of Resources	$ 124,031,421	$ 103,829,101

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Net Position - Proprietary Fund (Continued)
June 30, 2021 and 2020

	2021	2020
Liabilities		
Current Liabilities		
Accounts Payable	**$ 12,522,202**	$ 12,651,834
Accrued Payroll and Other Expenses	**4,509,831**	4,287,138
Medicare Advances	**6,747,728**	7,057,577
Current Portion of Capital Lease Obligation	**51,476**	50,058
Current Maturities of Long-Term Debt	**1,180,000**	1,180,000
Estimated Third-Party Payor Settlements	**-**	257,441
Total Current Liabilities	**25,011,237**	25,484,048
Long-Term Portion of Capital Lease Obligation	**92,078**	148,168
Long-Term Debt, Less Current Maturities	**12,835,000**	15,100,000
Net Pension Liability	**-**	34,978
Total Noncurrent Liabilities	**12,927,078**	15,283,146
Total Liabilities	**37,938,315**	40,767,194
Deferred Inflows of Resources		
Deferred Amounts Related to Pensions	**3,146,720**	-
Net Position		
Net Investment in Capital Assets	**28,405,798**	28,569,950
Restricted	**407,120**	425,240
Unrestricted	**54,133,468**	34,066,717
Total Net Position	**82,946,386**	63,061,907
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 124,031,421**	$ 103,829,101

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Revenues, Expenses, and
Changes in Net Position - Proprietary Fund
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Net Patient Service Revenue	$ 75,362,955	$ 66,678,895
Other Operating Revenue	43,206,073	36,783,919
Total Operating Revenues	118,569,028	103,462,814
Operating Expenses		
Contracted Services and IGT's	42,469,868	37,567,328
Salaries	33,527,869	33,757,119
Supplies	15,651,851	15,180,239
Depreciation and Amortization	5,139,011	5,419,234
Fringe Benefits	5,000,387	7,116,393
Professional Fees	3,979,555	3,638,346
Repairs and Maintenance	2,437,106	2,651,345
Insurance	1,588,501	1,610,474
Utilities	1,258,760	1,249,781
Other	988,919	1,259,454
Rents and Leases	313,233	305,035
Total Operating Expenses	112,355,060	109,754,748
Operating Income (Loss)	6,213,968	(6,291,934)
Non-Operating Revenue (Expenses)		
Investment Income	4,349,928	1,141,995
Cares Act \ Provider Relief Fund	5,142,024	1,531,495
Gain on Sale of Nursing Home	2,700,000	-
Other Non-Operating Revenue	1,949,229	937,772
Interest Expense	(470,670)	(542,696)
Net Non-Operating Revenue (Expenses)	13,670,511	3,068,566
Change in Net Position	19,884,479	(3,223,368)
Net Position, Beginning of Year (As Previously Stated)	63,061,907	67,570,701
Change in Accounting Principle - GASB 84 Adoption	-	(1,285,426)
Net Position, Beginning of Year (As Restated)		66,285,275
Net Position, End of Year	$ 82,946,386	$ 63,061,907

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Cash Flows - Proprietary Fund
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from and on Behalf of Patients	**$ 116,530,903**	$ 99,817,086
Payments to Suppliers and Contractors	**(70,200,401)**	(57,191,542)
Payments to Employees	**(39,584,749)**	(40,164,595)
Net Cash Provided by Operating Activities	**6,745,753**	2,460,949
Cash Flows from Non-Capital Financing Activities		
Other Non-Operating Revenues	**10,568,243**	3,185,221
Net Cash Provided by Non-Capital Financing Activities	**10,568,243**	3,185,221
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Leases	**(54,672)**	(79,844)
Withdrawal of Assets Held by Trustee for Debt Service	**18,120**	9,440
Principal Paid on Long-Term Debt	**(2,265,000)**	(1,180,000)
Interest Paid on Long-Term Debt	**(470,670)**	(542,696)
Proceeds from Sale of Capital Assets	**1,116,069**	-
Purchase of Capital Assets	**(3,108,437)**	(2,501,868)
Net Cash Used in Capital and Related Financing Activities	**(4,764,590)**	(4,294,968)
Cash Flows from Investing Activities		
Capital Invested in Affiliated Entities	**(260,958)**	(89,947)
Purchase of Investments	**(19,199,582)**	(8,381,767)
Proceeds from Sale of Investments	**10,581,083**	12,454,530
Net Cash (Used in) Provided by Investing Activities	**(8,879,457)**	3,982,816
Increase in Cash and Cash Equivalents	**3,669,949**	5,334,018
Cash and Cash Equivalents, Beginning of Year	**9,167,218**	3,833,200
Cash and Cash Equivalents, End of Year	**$ 12,837,167**	$ 9,167,218

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Cash Flows - Proprietary (Continued)
For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	**$ 6,213,968**	$ (6,291,934)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**5,139,011**	5,419,234
Pension Expense	**(1,089,186)**	1,086,546
(Gain) Loss on Disposal of Property and Equipment	**(662,819)**	77,534
Provision for Bad Debts	**2,938,586**	7,948,206
Changes in:		
Patient Accounts Receivable	**(3,308,728)**	(4,889,721)
Inventory, Prepaids, and Other Current Assets	**(1,898,095)**	(6,567,117)
Accounts Payable	**(129,632)**	(990,629)
Accrued Payroll and Other Expenses	**222,693**	41,323
Medicare Advances	**(309,849)**	7,057,577
Estimated Third-Party Payor Settlements	**(370,196)**	(430,070)
Net Cash Provided by Operating Activities	**$ 6,745,753**	$ 2,460,949
Supplemental Disclosures of Noncash Investing Activities		
Increase in Fair Value of Investments	**$ 4,349,928**	$ 1,141,995
Equity in Net Earnings (Loss) of Associated Companies	**$ (144,497)**	$ (150,709)
Assets Acquired by Capital Lease	**$ -**	$ 278,070

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Fiduciary Net Position - Pension Trust Fund
For the Years Ended June 30, 2021 and 2020

	2021	2020
Assets		
Cash and Cash Equivalents	$ 588,612	$ 214,975
Investments		
Equity Securities		
Common Stock	11,367,574	11,349,518
Equity Funds	7,196,629	3,856,326
Exchange Traded Funds	2,773,476	1,409,224
Real Estate Investment Trusts	189,479	254,789
Options Contract	-	427
Fixed Income Securities		
Government	4,635,160	5,128,308
Corporate	3,382,171	3,404,195
Total Investments	29,544,489	25,402,787
Total Assets	$ 30,133,101	$ 25,617,762
Net Position Restricted for Pensions	$ 30,133,101	$ 25,617,762

The accompanying notes are an integral part of the basic financial statements.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Statements of Changes in Fiduciary Net Position - Pension Trust Fund
For the Years Ended June 30, 2021 and 2020

	2021	2020
Additions		
Investment Income		
Net Change in Fair Value	**$ 5,875,226**	$ 349,299
Investment and Dividend Income	**679,053**	801,187
	6,554,279	1,150,486
Less: Investment Expense	**(83,846)**	(81,130)
Net Investment Income	**6,470,433**	1,069,356
Total Additions	**6,470,433**	1,069,356
Deductions		
Benefit Payments	**1,936,594**	1,428,487
Administrative Expenses	**18,500**	23,100
Total Deductions	**1,955,094**	1,451,587
Increase (Decrease) in Net Position	**4,515,339**	(382,231)
Net Position Restricted for Pensions, Beginning of Year	**25,617,762**	25,999,993
Net Position Restricted for Pensions, End of Year	**$ 30,133,101**	$ 25,617,762

The accompanying notes are an integral part of the basic financial statements.

Note 1. Nature of Business

Reporting Entity

Lane Regional Medical Center (the Hospital) is organized as Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana and is exempt from federal and state income taxes. The Hospital, which was created by the Metropolitan Council of the City of Baton Rouge and the Parish of East Baton Rouge (the City-Parish) on June 12, 1957, under the provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950, operates an acute care facility and physician practices and owns certain medical office buildings, providing inpatient, outpatient, and emergency care services for residents of southern Louisiana and Mississippi. The Hospital is a component unit of East Baton Rouge Parish, Louisiana for financial reporting purposes and is included in the basic financial statements of East Baton Rouge Parish together with its component units, which are described below.

The Hospital sponsors the Lane Regional Medical Center Retirement Plan (the Plan), a contributory defined benefit pension plan. The Plan is administered through a trust agreement where employer contributions are irrevocable, plan assets are dedicated to provide pensions to plan members, and pension plan assets are legally protected from contributors, administrators, and plan members. Therefore, management has included the Plan as a fiduciary fund (Pension Trust Fund) within the basic financial statements of the Hospital. The Plan does not issue separate financial statements.

The component units discussed below are included because the nature and significance of their relationship to the Hospital are such that exclusion would cause the reporting entity's financial statements to be incomplete under criteria set forth by the Governmental Accounting Standards Board (GASB).

Blended Component Units

The following component units are legally separate organizations which the Hospital has determined should be presented as blended component units. The Hospital appoints the voting majority of the component units' Boards of Directors (the Board), and each has a specific benefit to the Hospital. Accordingly, these organizations are blended component units of the Hospital.

Lane RMC Service Corporation (the Corporation) is a not-for-profit entity established to operate exclusively for the support and benefit of the Hospital, to carry out the goals, objectives, and purposes of the Hospital, to develop and facilitate various health services activities, including joint venture activities, for the benefit of the Hospital, as expressly authorized by Louisiana statutes and regulations, and to engage in any lawful act or activity for which a corporation may be organized under Louisiana Non-Profit Corporation Law.

Note 1. Nature of Business (Continued)

Blended Component Units (Continued)

Lane RMC Foundation (the Foundation), a tax-exempt organization as of 2016, was formed to, among other things, sustain the healing work of the physicians and staff of Lane Regional Medical Center. The Board of the Foundation is self-perpetuating and consists primarily of citizens of East Baton Rouge Parish. Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds are to be, or have been, contributed to the Hospital.

The Hospital, the Pension Trust Fund, the Corporation, and the Foundation are collectively referred to as the Organization. There are no other organizations or agencies whose financial statements should be included and presented with these financial statements.

Note 2. Summary of Significant Accounting Policies

Accounting Standards

These financial statements have been prepared in accordance with the GASB codification. The financial statements of the component units are also prepared in accordance with the GASB codification, as they are established for the direct benefit of the Hospital.

Basis of Accounting and Presentation

The Organization uses fund accounting to report its financial position and results of operations. The proprietary fund and the pension trust fund financial statements are reported using the accrual basis of accounting. The operations of each fund are accounted for with a set of self-balancing accounts that compromise its assets, liabilities, net position, revenue, and expenses. A further explanation of the funds and their reporting classifications follows:

<u>Proprietary Fund</u>

Enterprise Fund - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Accordingly, the Organization maintains its records on the accrual basis of accounting. Revenue from operations, investments, and other sources are recorded when earned. Revenue received in advance is reflected as deferred revenue. Expenses (including depreciation and amortization) of providing services to the public are accrued when incurred.

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Presentation (Continued)

Fiduciary Fund

The pension trust fund is used to account for the accumulation of contributions for a defined benefit, single employer pension plan providing retirement benefits to qualified employees.

The Plan's financial statements are prepared on the accrual basis of accounting. Contributions from the Hospital and its employees are recognized as revenue in the period in which employees provide service to the Hospital. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows/ inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In particular, laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include all checking and depository accounts, and certain investments in highly liquid debt instruments with original maturities of three months or less. As of June 30, 2021 and 2020, the Organization's cash and cash equivalents were entirely insured or collateralized with securities or lines of credit held by its agent in the Organization's name.

Patient Accounts Receivable

Patient accounts receivable are reported at net realizable value, after deduction of allowances for estimated uncollectible accounts and third-party contractual discounts. The allowance for uncollectible accounts is based on historical losses and an analysis of currently outstanding amounts. This account is generally increased by charges to a provision for uncollectible accounts, and decreased by write-offs of accounts determined by management to be uncollectible. The allowances for third-party discounts are based on the estimated differences between the Organization's established rates and the actual amounts to be received under each contract or regulatory agreement. Changes in estimates by material amounts are reasonably possible in the near term.

Note 2. Summary of Significant Accounting Policies (Continued)

Inventories
Inventories, consisting primarily of medical supplies and drugs, are stated at the lower of cost (first-in, first-out method) or market.

Investments and Investment Income
Investments in debt and equity securities are reported at fair value. Short-term investments consist primarily of equity, fixed income securities, fixed income funds, and mutual funds. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

Investments Held by Trustees
The Organization has investments held by a trustee under a bond indenture agreement. These investments are held for future debt service.

Prepaid Expenses
Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Capital Assets
The Organization's capital assets are reported at historical cost. Donated property is recorded at its estimated fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that extend the lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, which range from 2 to 40 years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized in the Hospital's operations.

Compensated Absences
The Organization's policy is to compensate employees for absences due to earned vacation. Accumulated vacation is accrued at the balance sheet date because it is payable upon termination of employment.

Deferred Outflows and Inflows of Resources
Deferred outflows of resources represent a consumption of net position by the Organization that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Note 2. Summary of Significant Accounting Policies (Continued)

Net Position

Net position consists of net investment in capital assets (property and equipment); restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balance of any related debt that is attributable to the acquisition of the capital assets.

Restricted net position includes assets that are externally restricted by creditors, grantors, contributors (including those assets with the Foundation), or laws and regulations, or those restricted by constitutional provisions and enabling legislation. Unrestricted net position consists of all other assets.

Operating Revenues and Expenses

The Organization's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services - the Organization's principal activity. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. Joint venture equity transactions, rental income, and interest and investment income are considered non-operating revenues.

Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates-per-discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Net patient service revenue is also reported net of provision for bad debts of $2,938,586 and $7,659,466 for the years ended June 30, 2021 and 2020, respectively. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined. See Note 11.

Charity Care

The Organization, as part of its mission, routinely provides care to individuals regardless of their ability to pay. Historically, the Organization's charges were not pursued from patients who met certain criteria under its charity care policy and these forgone charges were excluded from revenue. With the effective date of the Affordable Care Act; and Medicaid Expansion, coverage has been made available to all individuals and, accordingly, the Organization pursues collection either under the applicable coverage or directly from the patient if no coverage has been obtained. Amounts billed to patients or third-party payors are posted to the allowance for uncollectible accounts if and when deemed uncollectible. As a result, charity care charges forgone for the years ended June 30, 2021 and 2020 were $-0-.

Note 2. Summary of Significant Accounting Policies (Continued)

Pension

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Lane Regional Medical Center Retirement Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Recently Adopted Accounting Pronouncements

Government Accounting Standards Board Statement No. 84 (GASB 84)

The objective of GASB Statement No. 84, *Fiduciary Activities*, is to improve the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities and the criteria for reporting the fiduciary activity in the basic financial statements. The Organization adopted GASB Statement No. 84 during the year ended June 30, 2021 and applied the changes retrospectively to the basic financial statements. The adoption resulted in the inclusion of the Pension Trust Fund financial statements in the Hospital's basic financial statements as a fiduciary fund. Additionally, to accommodate the provisions of GASB Statement No. 67, the Hospital changed the measurement date of its net pension asset (liability) to coincide with its fiscal year end. This change in accounting principle resulted in the retroactive inclusion of the Pension Trust Fund and the following changes to previously reported proprietary fund financial statements:

	As Previously Stated June 30, 2020 DR/(CR)	Effect of Adoption DR/(CR)	As Restated June 30, 2020 DR/(CR)
Net Pension Asset	$ 1,273,652	$ (1,273,652)	$ -
Deferred Outflows of Resources - Pension	$ 504,143	$ 222,087	$ 726,230
Net Pension Liability	$ -	$ (34,978)	$ (34,978)
Fringe Benefit Expense	$ 7,315,276	$ (198,883)	$ 7,116,393
Beginning Net Position	$ (67,570,701)	$ 1,285,426	$ (66,285,275)

Note 2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements Not Yet Adopted

Government Accounting Standards Board Statement No. 87 (GASB 87)

The objective of GASB Statement No. 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on the Organization's financial statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Government Accounting Standards Board Statement No. 89 (GASB 89)

The objectives of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management is still evaluating the potential impact of adoption on the Organization's financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Note 2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements Not Yet Adopted (Continued)

Government Accounting Standards Board Statement No. 96 (GASB 96)
The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management is still evaluating the potential impact of adoption on the Organization’s financial statements. The Statement is effective for fiscal years beginning after June 15, 2022.

Government Accounting Standards Board Statement No. 97 (GASB 97)
The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management is still evaluating the potential impact of adoption on the Organization’s financial statements. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Note 3. Deposits and Investments

The Hospital and the Pension Trust Fund investments generally are reported at fair value, as discussed in Note 2.

Note 3. Deposits and Investments (Continued)

At June 30, 2021, the Hospital and the Pension Trust Fund had the following deposits and investments, all of which were held in the Hospital's or the Plan's name by a custodial bank or trust that is an agent of the Hospital or the Plan:

June 30, 2021	Proprietary Enterprise Fund	Fiduciary Pension Trust Fund	Total
Cash and Cash Equivalents	$ 12,837,167	$ 588,612	$ 13,425,779
Investments			
Equity			
Common Stock	12,390,346	11,367,574	23,757,920
Equity Funds	2,231,608	7,196,629	9,428,237
Exchange Traded Funds	827,463	2,773,476	3,600,939
Real Estate Investment Trusts	314,265	189,479	503,744
Option Contracts	-	-	-
Fixed Income Securities			
Government	10,861,147	4,635,160	15,496,307
Corporate	5,614,694	3,382,171	8,996,865
Total Investments	32,239,523	29,544,489	61,784,012
Investments Held by Trustee for Debt Service			
Cash and Cash Equivalents	407,120	-	407,120
Total	$ 45,483,810	$ 30,133,101	$ 75,616,911

Note 3. Deposits and Investments (Continued)

At June 30, 2020, the Hospital and the Pension Trust Fund had the following deposits and investments, all of which were held in the Hospital's or the Plan's name by a custodial bank or trust that is an agent of the Hospital or the Plan:

June 30, 2020	Proprietary Enterprise Fund	Fiduciary Pension Trust Fund	Total
Cash and Cash Equivalents	$ 9,167,218	$ 214,975	$ 9,382,193
Investments			
Equity			
Common Stock	8,568,615	11,349,518	19,918,133
Equity Funds	486,951	3,856,326	4,343,277
Exchange Traded Funds	291,933	1,409,224	1,701,157
Real Estate Investment Trusts	279,263	254,789	534,052
Option Contracts	245	427	672
Fixed Income Securities			
Government	6,027,782	5,128,308	11,156,090
Corporate	4,248,800	3,404,195	7,652,995
Total Investments	19,903,589	25,402,787	45,306,376
Investments Held by Trustee for Debt Service			
Cash and Cash Equivalents	425,240	-	425,240
Total	$ 29,496,047	$ 25,617,762	$ 55,113,809

Under Louisiana Revised Statutes 39:2957, 46:1073.1, and 11:263, the Hospital must follow the prudent-man rule to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims for investing the Hospital's funds. The Hospital may not invest more than 55% of the total portfolio in equities unless not more than 65% of the total portfolio is invested in equities and at least 10% of the total equity portfolio is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.

Note 3. Deposits and Investments (Continued)

The Hospital's investment portfolio consisted of 35% equity investments and 36% fixed income investments included in investments on the statement of net position, and 29% cash and cash equivalents included in cash and cash equivalents and investments held by trustee for debt service on the statement of net position at June 30, 2021. The Hospital's investment portfolio consisted of 32% equity investments and 35% fixed income investments included in investments on the statement of net position, and 33% cash and cash equivalents included in cash and cash equivalents and investments held by trustee for debt service on the statement of net position at June 30, 2020.

Louisiana Revised Statutes 33:2955, 33:5161, and 33:5162 list the allowed investments types for the Pension Trust Fund. The Pension Trust Fund did not hold any prohibited investment types at June 30, 2021 or 2020.

Louisiana statutes require that all of the Hospital's and the Pension Trust Fund's deposits be protected by insurance or collateral. The Hospital's and the Plan's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Hospital.

Credit risk: All fixed income securities and fixed income funds for the Hospital's investment portfolio with ratings are rated between Aaa and Baa3 by Moody's. Credit ratings were not available for twelve investments in the Hospital's investment portfolio. All fixed income securities and fixed income funds for the Pension Trust Fund's investment portfolio with ratings are rated between Aaa and Baa3 by Moody's. Credit ratings were not available for thirteen investments in the Pension Trust Fund's investment portfolio.

Concentration of credit risk: The Hospital and the Pension Trust Fund limit the amount it may invest in any one issuer to no more than 5% of the market value of the investment portfolio with the following exceptions: holdings of direct obligations issued or guaranteed by the U.S. government or its agencies. There were no issuers comprising 5% or more of the Hospital's or the Pension Trust Fund's investments at June 30, 2021 or 2020.

Interest rate risk: In accordance with its investment policy, the Hospital and the Pension Trust Fund manage exposure to declines in fair values by limiting the weighted average maturity of the fixed income portion of the investment portfolio to within 20% of its stated index's weighted average portfolio. As a means of limiting its exposure to declines in fair values arising from rising interest rates, the Hospital's and the Pension Trust Fund's investment policy limits the mutual funds section of its investment portfolio to maturities of less than 397 days.

Note 3. Deposits and Investments (Continued)

Interest income totaled $-0- and $-0-, while investment gains and losses, net, on the investment portfolio totaled $4,349,928 and $1,141,995 for the Hospital for the years ended June 30, 2021 and 2020, respectively. Interest and dividend income totaled $679,053 and $801,187, while investment gains and losses, net, on the investment portfolio totaled $5,791,380 and $268,169 for the Pension Trust Fund for the years ended June 30, 2021 and 2020, respectively. Fluctuation in the investment gains and losses is related to market valuations throughout the course of the fiscal year.

Note 4. Investment in Affiliates

The Hospital holds an equity ownership interest in Surgery Center of Zachary, LLC (the Center). As of June 30, 2021 and 2020, the Hospital owned 25% and 60%, respectively, of the Center. The Center was formed in accordance with the Louisiana Limited Liability Company Law on April 16, 2016 to operate an 8,300-square foot ambulatory care health facility performing ambulatory surgery procedures in Zachary, Louisiana. The Center provides same-day surgeries at a reasonable cost and savings to patients and private and commercial payors. The Center is fully licensed as a hospital by the Louisiana Department of Health. The Center is Medicare certified and provides inpatient and outpatient surgical services for the following specialties: gastroenterology, orthopedics, pain management, podiatry, and spine-related procedures.

The balance of its equity interest at June 30, 2021 and 2020, totaled $-0-, due to the recognition of an impairment in a prior year due to reoccurring losses, and is included in other assets on the statements of net position. The Hospital made no contribution to the center during the years ended June 30, 2021 and 2020.

Summarized financial Information for the Surgery Center of Zachary, LLC is presented below:

	As of and for the Year Ended	
	2021	2020
Total Assets	$ 1,085,166	$ 1,102,604
Total Liabilities	$ 266,857	$ 254,770
Members' Equity	$ 818,309	$ 847,834
Net Income (Loss)	$ (29,525)	$ (31,805)

Note 4. Investment in Affiliates (Continued)

The Hospital also holds an equity ownership interest in PCC of Zachary, LLC (PCC) which is a radiation oncology center that began operations in March 2014, serving residents of the Zachary area. As of June 30, 2021 and 2020, the Hospital owned 30% of PCC. The balance of its equity interest at June 30, 2021 and 2020, totaled $534,985 and $418,594, respectively, and is included in other assets on the statements of net position. For the years ended June 30, 2021 and 2020, the Hospital recognized a loss associated with its investment in PCC in the amount of $144,497 and $150,709, respectively. This loss is included in other non-operating revenue on the statements of revenues, expenses, and changes in net position. For the years ended June 30, 2021 and 2020, the Hospital made equity contributions of $260,958 and $89,497, respectively. PCC leases its operational space from the Hospital at an annual rental of approximately $60,000, which is included in other non-operating revenue.

Summarized financial Information for PCC of Zachary, LLC is presented below:

	As of and for the Year Ended June 30, 2021	As of and for the Year Ended June 30, 2020
Total Assets	$ 1,991,765	$ 1,613,025
Total Liabilities	$ 208,486	$ 218,592
Members' Equity	$ 1,783,282	$ 1,394,434
Net Loss	$ (347,110)	$ (421,729)

During the year ended June 30, 2021, the Hospital contributed $9,000 to the Louisiana Independent Hospital Network Coalition, LLC (LIHN) for a 7.89% ownership percentage. LIHN is a joint venture with other regional healthcare providers to increase access and quality of care and improving operational efficiencies between its members. The Hospital carries this investment at cost.

Summarized financial Information for Louisiana Independent Hospital Network Coalition, LLC as of and for the year ended June 30, 2021 is presented below:

	As of and for the Year Ended June 30, 2021
Total Assets	$ 19,940
Total Liabilities	$ 5,250
Members' Equity	$ 14,690
Net Income	$ 7,670

Note 5. Capital Assets

Capital asset additions, retirements and transfers, and balances for the year ended June 30, 2021, were as follows:

	Balance June 30, 2020	Additions	Retirements and Transfers	Balance June 30, 2021
Capital Assets				
Land and Land Improvements	$ 5,599,591	$ -	$ (168,719)	$ 5,430,872
Construction in Progress	141,569	760,161	(141,569)	760,161
Buildings	66,796,837	20,500	(267,406)	66,549,931
Movable and Other Equipment	63,373,760	2,327,776	(1,562,673)	64,138,863
Total Capital Assets	135,911,757	3,108,437	(2,140,367)	136,879,827
Less: Accumulated Depreciation for:				
Land Improvements	889,467	65,993	-	955,460
Buildings	38,348,424	2,233,199	(169,829)	40,411,794
Movable and Other Equipment	51,625,690	2,839,819	(1,517,288)	52,948,221
Total Accumulated Depreciation	90,863,581	5,139,011	(1,687,117)	94,315,475
Total Capital Assets, Net	$ 45,048,176	$ (2,030,574)	$ (453,250)	$ 42,564,352

Capital asset additions, retirements and transfers, and balances for the year ended June 30, 2020, were as follows:

	Balance June 30, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Capital Assets				
Land and Land Improvements	$ 5,599,591	$ -	$ -	$ 5,599,591
Construction in Progress	973,676	89,148	(921,255)	141,569
Buildings	65,897,031	58,521	841,285	66,796,837
Movable and Other Equipment	61,204,510	2,632,269	(463,019)	63,373,760
Total Capital Assets	133,674,808	2,779,938	(542,989)	135,911,757
Less: Accumulated Depreciation for:				
Land Improvements	816,685	72,782	-	889,467
Buildings	36,094,622	2,253,802	-	38,348,424
Movable and Other Equipment	48,998,495	3,092,650	(465,455)	51,625,690
Total Accumulated Depreciation	85,909,802	5,419,234	(465,455)	90,863,581
Total Capital Assets, Net	$ 47,765,006	$ (2,639,296)	$ (77,534)	$ 45,048,176

Note 6. Fair Value Measurement

The Hospital's and the Pension Trust Fund's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 Investments reflect prices quoted in active markets.

Level 2 Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt and equity investments classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The valuation of the Hospital's investments measured at fair value at June 30, 2021 is as follows:

June 30, 2021	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 12,837,167	$ -	$ -	$ 12,837,167
Investments				
Equity				
Common Stock	12,390,346	-	-	12,390,346
Equity Funds	2,231,608	-	-	2,231,608
Exchange Traded Funds	827,463	-	-	827,463
Real Estate Investment Trusts	314,265	-	-	314,265
Option Contracts	-	-	-	-
Fixed Income Securities				
Government	9,421,132	1,440,015	-	10,861,147
Corporate	5,614,694	-	-	5,614,694
Total Investments	30,799,508	1,440,015	-	32,239,523
Investments Held by Trustee for Debt Service				
Cash and Cash Equivalents	407,120	-	-	407,120
Total	$ 44,043,795	$ 1,440,015	$ -	$ 45,483,810

Note 6. Fair Value Measurement (Continued)

The valuation of the Hospital's investments measured at fair value at June 30, 2020 is as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 9,167,218	$ -	$ -	$ 9,167,218
Investments				
Equity				
Common Stock	8,568,615	-	-	8,568,615
Equity Funds	486,951	-	-	486,951
Exchange Traded Funds	291,933	-	-	291,933
Real Estate Investment Trusts	279,263	-	-	279,263
Option Contracts	245	-	-	245
Fixed Income Securities				
Government	4,589,252	1,438,530	-	6,027,782
Corporate	4,172,967	75,833	-	4,248,800
Total Investments	18,389,226	1,514,363	-	19,903,589
Investments Held by Trustee for Debt Service				
Cash and Cash Equivalents	425,240	-	-	425,240
Total	$ 27,981,684	$ 1,514,363	$ -	$ 29,496,047

The valuation of the Pension Trust Fund's investments measured at fair value at June 30, 2021 is as follows:

June 30, 2021	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 588,612	$ -	$ -	$ 588,612
Investments				
Equity				
Common Stock	11,367,574	-	-	11,367,574
Equity Funds	7,196,629	-	-	7,196,629
Exchange Traded Funds	2,773,476	-	-	2,773,476
Real Estate Investment Trusts	189,479	-	-	189,479
Fixed Income Securities				
Government	2,872,518	1,762,642	-	4,635,160
Corporate	3,382,171	-	-	3,382,171
Total Investments	27,781,847	1,762,642	-	29,544,489
Total	$ 28,370,459	$ 1,762,642	$ -	$ 30,133,101

Note 6. Fair Value Measurement (Continued)

The valuation of the Pension Trust Fund's investments measured at fair value at June 30, 2020 is as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	$ 214,975	$ -	$ -	$ 214,975
Investments				
Equity				
Common Stock	11,349,518	-	-	11,349,518
Equity Funds	3,856,326	-	-	3,856,326
Exchange Traded Funds	1,409,224	-	-	1,409,224
Real Estate Investment Trusts	254,789	-	-	254,789
Option Contracts	427	-	-	427
Fixed Income Securities				
Government	2,386,856	2,741,452	-	5,128,308
Corporate	3,404,195	-	-	3,404,195
Total Investments	22,661,335	2,741,452	-	25,402,787
Total	$ 22,876,310	$ 2,741,452	$ -	$ 25,617,762

Note 7. Long-Term Debt

A schedule of changes in the Hospital's long-term debt for 2021 and 2020 follows:

	Balance June 30, 2020	**Additions**	**Reductions**	**Balance June 30, 2021**	**Amount Due Within One Year**
Bonds Payable					
Series 2013A	**$ 8,205,000**	**$ -**	**$ 1,685,000**	**$ 6,520,000**	**$ 600,000**
Series 2013B	**8,075,000**	**-**	**580,000**	**7,495,000**	**580,000**
Total Long-Term Debt	**$ 16,280,000**	**$ -**	**$ 2,265,000**	**$ 14,015,000**	**$ 1,180,000**

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due Within One Year
Bonds Payable					
Series 2013A	$ 8,805,000	$ -	$ 600,000	$ 8,205,000	$ 600,000
Series 2013B	8,655,000	-	580,000	8,075,000	580,000
Total Long-Term Debt	$ 17,460,000	$ -	$ 1,180,000	$ 16,280,000	$ 1,180,000

Note 7. Long-Term Debt (Continued)

The terms and due dates of the Hospital's long-term debt at June 30, 2021 and 2020 follows:

- Hospital Revenue and Refunding Bonds (Series 2013A), with an original principal of $12,155,000, a fixed interest rate of 3.2%, principal and interest payable quarterly effective October 1, 2013 through maturity of July 1, 2033, secured by operating revenues and property of the Hospital as defined in the trust indenture. These bonds were issued for the purpose of refunding the Series 2007 and Series 2010 bonds.

- Hospital Revenue Bonds (Series 2013B), with an original principal of $10,770,000, a fixed interest rate of 3.2% payable quarterly effective October 1, 2013, principal payable quarterly effective October 1, 2015 through maturity on July 1, 2033, secured by operating revenues and property of the Hospital as defined in the trust indenture. The bonds were issued for the purpose of financing the costs of acquisition and construction of capital improvements and equipment of the Hospital and certain other healthcare facilities of the Organization, including, but not limited to, the expansion, renovation, improvement, and replacement of equipment in the Radiology Department and Cardiac Catheterization Laboratory of the Hospital.

With the bond agreements, the Hospital has agreed to comply with various financial covenants. The covenants consist primarily of reporting requirements, insurance coverage, restrictions on additional debt, capital assets, and other administrative requirements. Due to circumstances involving the coronavirus pandemic the Hospital was not in compliance with its revenue to funded debt service ratio for one calendar quarter during the fiscal year ended June 30, 2020, however, it was again in compliance with the terms of that ratio covenant as of June 30, 2020. The Hospital was in compliance with these covenants for the year ended June 30, 2021. Management has worked closely with the bondholder during the period of the pandemic and anticipates the retirement of this debt with the USDA debt issuance discussed in Note 17.

Note 7. Long-Term Debt (Continued)

The scheduled principal and interest repayments on long-term debt are as follows:

Years Ended June 30,	Long-Term Debt Principal	Long-Term Debt Interest
2022	$ 1,180,000	$ 429,600
2023	1,180,000	391,840
2024	1,225,000	353,360
2025	1,240,000	313,920
2026	1,240,000	274,240
2027-2031	6,255,000	773,520
2032-2034	1,695,000	56,240
Total	$ 14,015,000	$ 2,592,720

Note 8. Insurance Programs

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employees' injuries and illnesses; natural disasters; and medical malpractice.

The Hospital participates in the Louisiana Patients' Compensation Fund (the Fund) for medical malpractice claims. As a participant, the Hospital has a statutory limitation of liability, which provides that no award can be rendered against it in excess of $500,000, plus interest and costs, including future medical costs. The Fund provides coverage on an occurrence basis for claims over $100,000, and up to $500,000. In addition, the Hospital is a participant in the Louisiana Hospital Association Malpractice and General Liability Trust (the Trust). As a participant in the Trust, the Hospital is fully insured against professional liability and general liability claims, with specific loss and aggregate loss limits of $9,500,000 for professional liability claims and $4,500,000 for general liability claims, subject to a $50,000 per claim deductible.

The Hospital participates in the Louisiana Hospital Association Workers' Compensation Inter-Local Risk Management Agency. As a participant, the Hospital is insured for workers' compensation claims, subject to a $50,000 per claim deductible.

The Hospital is also self-insured for medical and dental claims up to predetermined stop-loss amounts. Claims in excess of the stop-loss amounts are insured through commercial insurance carriers. The Hospital has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying basic financial statements as other current liabilities on the statements of net position.

Note 8. Insurance Programs (Continued)

The claims liabilities, which are included in accrued payroll and other expenses on the statements of net position at June 30, 2021 and 2020, are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the Hospital's claims liability amount during the years ended June 30, 2021 and 2020 are reflected below:

	2021	2020
Claims Liability, Beginning of Year	**$ 213,936**	$ 364,282
Current Year Claims and Changes in Estimates	**3,477,452**	3,036,497
Current Year Claims Payments	**(3,472,880)**	(3,186,843)
Total	**$ 218,508**	$ 213,936

Note 9. Pension Plan

Plan Description
The Hospital sponsors the Lane Regional Medical Center Retirement Plan (the Plan), a contributory defined benefit pension plan. During 2002, the Board of Commissioners approved an amendment to freeze the plan with respect to new employees hired on or after July 1, 2002. Benefits will continue to accrue for all participants or potential participants employed as of June 30, 2002. The Board also approved amending the vesting schedule to provide for full vesting at five years, as well as to fully vest employees who may be included in any reduction in workforce. During 2017, the Board of Commissioners approved an amendment to freeze accrual of all benefits under the plan as of midnight June 30, 2017.

Eligibility - Prior to July 1, 2002, all employees, classified as part-time or full-time, who had at least two years of continuous service and have worked an average of 20 or more hours a week were eligible to join the plan on its next anniversary date. Employees classified as PRN or SNAP were not eligible to participate, effective January 1, 1999.

Note 9. Pension Plan (Continued)

Plan Description (Continued)

As of June 30, 2021 and 2020, pension plan membership consisted of the following:

	2021	2020
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**108**	103
Inactive Plan Members Entitled to but not yet Receiving Benefits	**80**	73
Active Plan Members	**0**	0
Active Frozen Plan Members	**64**	80
Total	**252**	256

Benefits Provided - The plan provides retirement, termination, and death benefits.

Normal Retirement:
Date: Age 62 and the completion of 10 years of continuous service.

Benefit: 1.5% of Average monthly earnings times credited service.

Early Retirement:
Eligibility: Age 55 and the completion of 15 years of continuous service.

Benefit: Accrued benefit reduced 4.0% for each year prior to age 62.

Vesting:
Eligibility: Effective July 1, 2002, participants terminating prior to retirement with 5 years of service will be vested in their accrued benefits.

Benefit Amount: Accrued benefit at normal (unreduced basis) retirement date.

Death Benefits:
Pre-Retirement: The greater of: (a) 60 monthly payments of the participant's projected normal retirement benefit, assuming continued service and no increase in monthly earnings to age 62, or (b) the actuarial present value of the participant's vested accrued benefit on the date of death.

Post-Retirement: Benefits payable to beneficiary in accordance with option selected at retirement. Sum of benefits paid are subject to a minimum equal to the participant's contribution account.

Note 9. Pension Plan (Continued)

Plan Description (Continued)

Funding - Prior to January 1, 2013, participants were required to contribute three percent (3%) of their monthly earnings. Effective January 1, 2013, participants are required to contribute six percent (6%) of their monthly earnings. The Hospital is required to contribute the actuarially determined amounts necessary to fund normal costs plus an additional amount necessary to amortize unfunded past service costs over a 20-year period (from the date that the past service cost was first recognized). The Hospital, however, is not allowed to contribute more than the amount necessary to achieve a ratio of “actuarial value of assets” to the “present value of accrued benefits” of 150 percent (150%), determined as of the beginning of the plan year.

Contributions - Contributions are established based upon an actuarially determined rate recommended by an independent actuary. The Annual Required Contribution (ARC) is equal to the sponsor normal cost plus an amount sufficient to amortize the unfunded actuarial accrued liability (UAAL) over 20 years. The required amount is adjusted for interest according to the timing of sponsor contributions during the year. The Hospital is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

Contribution Refunds - In the event an employee’s employment is terminated for any reason other than retirement, the employee is entitled to a refund of his employee contributions plus interest at 3% per annum. Once an employee terminates and withdraws his employee contributions, he forfeits any right to the accrued benefit derived from employer contributions

Net Pension Asset - The Hospital’s net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The total pension liability is based on the pure unit credit actuarial cost method as described in GASB Statements 67 and 68. Calculations were made as of June 30, 2021 and were based on July 1, 2020 data. The current year actuarial assumptions utilized are based on the assumptions used in the July 1, 2020 actuarial funding valuation which was based on the results of an actuarial experience study for the period 2005 - 2014. All assumptions selected were determined to be reasonable and represent expectations of future experience for the pension.

Note 9. Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increases, Including Inflation and Merit Increases:	N/A
Investment Rate of Return (Discount Rate):	7.25%
Municipal Bond Rate:	N/A

Mortality Rates - The mortality tables used for active, retiree, and vested terminated lives are from the PubG-2010 mortality table. The mortality tables used for contingent survivor lives from the PubG-2010 mortality table (sex distinct) with mortality improvements projected five (5) years beyond the valuation date using scale MP-2019 and a base year of 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	6.84%
International Equity	6.49%
Domestic Fixed Income	1.71%
International Fixed Income	2.89%

Asset Class	Target Allocations
Domestic Equity	53%
International Equity	9%
Domestic Fixed Income	33%
International Fixed Income	5%

Note 9. Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.25% percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension (Asset) Liability

The components of the net pension (asset) liability reported in the Organization's statements of net position as of June 30, 2021 and 2020, are as follows:

	2021	2020
Total Pension Liability	**$ 25,205,943**	$ 25,652,739
Plan Fiduciary Net Position	**30,133,101**	25,617,761
Net Pension (Asset) Liability	**$ (4,927,158)**	$ 34,978
Plan Fiduciary Net Position as a Total Percentage of the Total Pension Liability	**119.55%**	99.86%

Note 9. Pension Plan (Continued)

Changes in Net Pension (Asset) Liability (Continued)

The change in the net pension (asset) liability is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension (Asset) Liability (a) - (b)**
Balances at June 30, 2020	**$ 25,652,739**	**$ 25,617,761**	**$ 34,978**
Changes for the Year			
Service Cost	**137,091**	**-**	**137,091**
Interest	**1,799,596**	**-**	**1,799,596**
Changes in Assumptions	**-**	**-**	**-**
Differences Between Expected and Actual Experience	**(447,855)**	**-**	**(447,855)**
Contributions - Employer	**-**	**-**	**-**
Contributions - Employee	**-**	**-**	**-**
Net Investment Income	**-**	**6,469,468**	**(6,469,468)**
Benefit Payments, Including Refunds of Employee Contributions	**(1,935,628)**	**(1,935,628)**	**-**
Administrative Expense	**-**	**(18,500)**	**18,500**
New Changes	**(446,796)**	**4,515,340**	**(4,962,136)**
Balances at June 30, 2021	**$ 25,205,943**	**$ 30,133,101**	**$ (4,927,158)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2019	$ 24,726,341	$ 25,999,993	$ (1,273,652)
Changes for the Year			
Service Cost	205,586	-	205,586
Interest	1,755,782	-	1,755,782
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	393,517	-	393,517
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	-	1,069,355	(1,069,355)
Benefit Payments, Including Refunds of Employee Contributions	(1,428,487)	(1,428,487)	-
Administrative Expense	-	(23,100)	23,100
New Changes	926,398	(382,232)	1,308,630
Balances at June 30, 2020	$ 25,652,739	$ 25,617,761	$ 34,978

Note 9. Pension Plan (Continued)

Sensitivity to Changes in the Discount Rate

The following presents the net pension asset of the Hospital as of June 30, 2021 calculated using the discount rate of 7.25%, as well as what the Hospital's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (assuming all other assumptions remain unchanged):

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension (Asset) Liability	$ (2,443,323)	$ (4,927,158)	$ (7,065,317)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021 and 2020, the Hospital recognized a pension expense of ($1,089,186) and $1,086,546, respectively. On June 30, 2021 and 2020, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

June 30, 2021	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	**$ -**	**$ 3,146,720**
Total	**$ -**	**$ 3,146,720**

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 726,230	$ -
Total	$ 726,230	$ -

Note 9. Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2021 will be recognized in pension expense as follows:

Years Ended June 30,	Amount
2022	$ (684,082)
2023	(742,037)
2024	(783,998)
2025	(936,603)

Payable to the Plan - There was no payable at June 30, 2021 and 2020.

Other Plans
The Hospital maintains qualified defined contribution retirement and deferred compensation plans which provide benefits for eligible employees. Beginning in 2014, the Hospital reinstated plans previously established for all full-time employees.

The Hospital may make discretionary employer matches to the executive defined contribution plan. Vesting in the Hospital's contribution is based on years of service. Employees vest 20% per year for the first five years until fully vested.

The Hospital may make discretionary employer contributions equal to 50% of the pre-tax contributions up to 5% of eligible compensation. Vesting in the Hospital's contribution is based on years of service. After 60 months of service, the employee is 100% vested. Prior to that time, the employee is 0% vested.

During the years ended June 30, 2021 and 2020, the Hospital made required contributions to the plans of $514,413 and $485,235, respectively.

Note 10. Business and Credit Concentrations

Financial instruments that potentially subject the Hospital to concentrations of credit risk consist principally of unsecured accounts receivable.

The Hospital grants credit to patients, substantially all of whom are local residents. The Hospital generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, and commercial insurance policies).

Note 10. Business and Credit Concentrations (Continued)

The mix of net receivables from patients and third-party payors at June 30, 2021 and 2020, was as follows:

	2021	2020
Medicare	**36%**	37%
Medicaid	**16%**	11%
Commercial Insurance Companies, Health Maintenance Organizations, and Other	**41%**	42%
Self-Pay Patients	**7%**	10%
Total	**100%**	100%

Note 11. Net Patient Service Revenue and Accounts Receivable

As discussed in Note 2, patient service revenue is reported net of contractual adjustments arising from various third-party arrangements. A summary of the basis of reimbursement with third-party payors follows:

Medicare
The Hospital is paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization which is under contract with the Hospital to perform such reviews.

Cost reimbursed outpatient services were paid at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital, and audits thereof by the Medicare fiscal intermediary. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions, and without regard to the transitional corridor.

The Hospital's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through June 30, 2017.

Note 11. Net Patient Service Revenue and Accounts Receivable (Continued)

Medicaid
Inpatient services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined rate per diem that includes capital costs. Certain types of outpatient services are paid based upon a cost reimbursement methodology. The Hospital is paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital, and an audit thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary through June 30, 2013.

Revenue from the Medicare and Medicaid programs accounted for approximately 63% and 62% of the Hospital's net patient revenue for the years ended June 30, 2021 and 2020, respectively. The laws and regulations under which Medicare and Medicaid programs operated are complex, and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Other
The Hospital has also entered into agreements with certain other commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates-per-discharge, discounts from established charges, and prospectively determined daily rates.

Note 12. Other Operating Revenue

Other operating revenue recognized during the years ended June 30, 2021 and 2020, consists of the following:

	2021	2020
Collaboration and Cooperative Endeavor Agreement Distributions	**$ 39,777,351**	$ 33,784,355
Medicaid Managed Care Quality Incentive Program	**1,316,132**	1,394,006
Pharmacy 340B Program Revenues	**904,734**	651,976
Cafeteria Revenues	**552,870**	524,555
Other	**654,986**	429,027
Total Other Operating Revenues	**$ 43,206,073**	$ 36,783,919

Note 13. Commitments and Contingencies

The Hospital is involved in various legal actions and claims that arose as a result of events that occurred in the normal course of operations. The ultimate resolution of these matters is not ascertainable at this time; however, management is of the opinion that any liability or loss in excess of insurance coverage resulting from such litigation will be adequately reflected in its provisions for uninsured losses included in accrued expenses on the statements of net position.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. Under certain provisions in the CARES Act, the Hospital received benefits of $5,142,024 and $1,531,495 related to provider relief funding which was recognized through other income in the statements of revenues, expense, and changes in net position for the year ended June 30, 2021 and 2020, respectively.

Under the CARES Act, the System also received $7,057,577 in advances under the Medicare Accelerated and Advance Payments Program (AAPP) in April 2020. Through the Continuing Appropriations Act, 2021 and Other Extensions Act (the CA Act) that was enacted October 1, 2020, the Hospital will not be subject to recoupment of their Medicare payments for a period of one year from the date they received their AAPP payments. Starting on the date that is one year from their receipt of the AAPP payments, repayment will be made out of the Hospital’s future Medicare payments.

Note 13. Commitments and Contingencies (Continued)

The schedule for such repayments is as follows:

- Twenty five percent (25%) of the Hospital's Medicare payments will first offset against the outstanding AAPP balance for the next eleven (11) months beginning one year from the date of receipt.

- Fifty percent (50%) of the Hospital's Medicare payments will first offset against the outstanding AAPP balance for the next six (6) months.

- The Hospital will receive a letter setting forth their remaining balance and will have thirty (30) days to pay the balance in full.

- Any unpaid balance after the thirty (30) days will accrue interest at a rate of four percent (4.00%).

Recoupments totaled $309,849 and $-0- during the year ended June 30, 2021 and 2020, respectively. The balance owed totaled $6,747,728 and 7,057,577 at June 30, 2021 and 2020, respectively. The Hospital has classified these advances as Medicare advances on its statement of net position.

Recovery Audit Contractors
To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the CMS to implement Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs on a permanent and nationwide basis no later than 2010.

The programs use RACs and MICs to search for potentially improper Medicare and Medicaid payments that may have been made to healthcare providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year prior but not longer than three years. Once a RAC or MIC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare or Medicaid reimbursement in an amount estimated to equal the overpayment.

The Hospital will deduct from revenue amounts assessed under the RAC and MIC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC and MIC assessments are anticipated; however, the outcome of such assessments is unknown and cannot be reasonably estimated. Management's experience has determined that RAC and MIC assessments have been insignificant to date.

Note 13. Commitments and Contingencies (Continued)

Approval for Bond Issuance and Facilities Expansion and Renovation Project
In November 2020, The Organization received approval from the United States Department of Agriculture (USDA) for a bond issue (currently approved for $61 million) to renovate 37,000 square feet of the hospital and add an 82,000-square-foot, four-story medical tower. The addition will provide 48 acute care rooms, surgical and intensive care units, nurses stations, and administrative areas. The four-story tower will also house a new operating suite that is twice the size of the current suite. The goal is for the expanded facility to provide more specialized care options to serve the community. A portion of the proceeds from the bond issuance associated with the USDA's Community Facilities Direct Loan and Grant Program to update public facilities in rural areas will be used to retire the existing Series 2013A and 2013B bonds discussed in Note 7. Currently management anticipates the retirement of the 2013 bonds, receipt of buildings funds from the debt issue, and construction to begin in summer of 2022.

Note 14. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. The reclassifications have no effect on previously reported net income.

Note 15. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements

To improve or expand allowable healthcare services for Medicaid beneficiaries or low-income, uninsured patients, during the fiscal years ended June 30, 2021 and 2020, the Hospital entered into a series of collaborative agreements and cooperative endeavors designed to allow additional Medicaid funds for providing these services in the community.

These agreements are detailed below:

East Jefferson General Hospital Cooperative Endeavor Agreement: The Hospital entered into a cooperative endeavor agreement with East Jefferson General Hospital (EJGH) (a Louisiana hospital service district) and other participating hospital service districts (HSDs). The Centers for Medicare & Medicaid Services has previously approved Medicaid State Plan Amendments (SPAs), submitted by the Louisiana Department of Health (LDH), which provide for reimbursement to non-rural, non-state public hospitals up to the Medicare inpatient upper payment limits.

Note 15. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements (Continued)

East Jefferson General Hospital Cooperative Endeavor Agreement (Continued): Under this agreement, EJGH has agreed to cooperate in the establishment of a funding program by contributing a portion of the upper payment limit (UPL) payments that result from SPAs to the other HSDs, including Lane Regional Medical Center, for the purpose of ensuring adequate and essential healthcare services are accessible and available to low-income and/or indigent citizens and medically underserved non-rural populations in Louisiana in a manner defined in the agreement. Funding for each participating hospital service district is based upon a formula utilizing each districts' reported Medicaid patient days. The term of this agreement is one year with automatic renewals for additional terms of one year unless earlier terminated.

Low Income and Needy Care Collaboration Agreement: Under the terms of this agreement with a private healthcare provider, the Hospital agreed to use public funds for purposes of funding Medicaid supplemental payments authorized under Medicaid State Plan Amendments LA 09-5S and LA 09-56. In exchange, the private healthcare provider agrees to work cooperatively with Lane Regional Medical Center to improve access to health care for low income and needy persons. The agreement may be terminated by either party with thirty days written notice.

Physicians' UPL Agreement with the Louisiana Department of Health and Hospitals (LDH): The Hospital entered into an agreement with LDH which was approved by CMS. Under the program LDH began making payments under the Physician's Supplemental Payment Program for non-state-owned public hospitals (HSDs). The purpose of this program is to enhance payments to physicians employed or contracted by the public hospitals. Lane Regional Medical Center agreed to transfer funds to LDH to be used as Medicaid matching funds for the purpose of making physician supplemental payments and providing the State with additional resources to assist in the medical costs to the state.

These matching funds are comprised of (1) an amount to be utilized as the "non-federal share" of the supplemental payments for services provided by the identified physician, and other healthcare professionals, and (2) the "state retention amount," which is fifteen percent of the "non-federal share", for the State to utilize in delivering healthcare services. In turn, LDH agrees to make supplemental Medicaid payments to the Hospital. The supplemental payments include the "non-federal share" and the "federal funds" generated by the "non-federal share" payments. The total amount of the supplemental payments is intended to represent the difference between the Medicaid payments otherwise made to these qualifying providers and the Average Community Rate for these services.

Note 15. Louisiana Medicaid Collaboration and Cooperative Endeavor Agreements (Continued)

Summary: During the fiscal year ended June 30, 2021, in accordance with the funding provisions of the above agreements, the Organization recognized $39,777,351 as other operating revenue, of which approximately $15,300,000 is included as a receivable in other current assets on the Organization's statement of net position at June 30, 2021. Payments to LDH in conjunction with the Low Income and Needy Care Collaboration Agreement during fiscal year 2021 totaled $1,786,246, which is being amortized monthly over the effective term of the agreement. A total of $1,324,522 was recognized as operating expenses during fiscal year 2021. There was $108,085 in remaining related prepaid expenses on the Organization's statement of net position as of June 30, 2021. The Organization also recognized $26,762,467 as operating expenses for funds paid or payable to LDH under the terms of the UPL agreements during fiscal year 2021, as income was recognized from the Medicaid supplemental payments, of which approximately $5,900,000 is included as a payable in accounts payable on the Organization's statement of net position at June 30, 2021.

During the fiscal year ended June 30, 2020, in accordance with the funding provisions of the above agreements, the Organization recognized $33,784,355 as other operating revenue, of which approximately $16,000,000 is included as a receivable in other current assets on the Organization's statement of net position at June 30, 2020. Payments to LDH in conjunction with the Low Income and Needy Care Collaboration Agreement during fiscal year 2020 totaled $1,867,439, which is being amortized monthly over the effective term of the agreement. A total of $1,662,061 was recognized as operating expenses during fiscal year 2020. There was $323,639 in amounts payable on the Organization's statement of net position as of June 30, 2020. The Organization also recognized $24,206,221 as operating expenses for funds paid or payable to LDH under the terms of the UPL agreements during fiscal year 2020, as income was recognized from the Medicaid supplemental payments, of which approximately $7,500,000 is included as a payable in accounts payable on the Organization's statement of net position at June 30, 2020.

Note 16. Blended Component Unit Condensed Financial Information

GASB 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and 34*, requires certain financial information about blended component units to be presented. The Organization's financial statements, which include the Hospital, Lane RMC Service Corporation, and Lane RMC Foundation, are presented in a blended format.

Note 16. Blended Component Unit Condensed Financial Information (Continued)

The table below individually discloses the net position and changes in net position for each blended entity as of and for the year ended June 30, 2021. Material inter-entity transactions are eliminated in the presentation below:

	2021				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Current Assets	$ 75,894,632	$ 8,587	$ 101,707	$ -	$ 76,004,926
Capital Assets, Net	42,564,352	-	-	-	42,564,352
Other Assets	5,462,143	-	-	-	5,462,143
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 123,921,127	$ 8,587	$ 101,707	$ -	$ 124,031,421
Current Liabilities	$ 24,716,984	$ 17,429	$ 276,824	$ -	$ 25,011,237
Long-Term Liabilities	12,927,078	-	-	-	12,927,078
Deferred Inflows of Resources	3,146,720	-	-	-	3,146,720
Net Position	83,130,345	$ (8,842)	$ (175,117)	-	82,946,386
Total Liabilities Deferred Inflows of Resources and Net Position	$ 123,921,127	$ 8,587	$ 101,707	$ -	$ 124,031,421

	2021				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Operating Revenues	$ 118,506,120	$ 27,961	$ 34,947	$ -	$ 118,569,028
Depreciation	5,000,387	-	-	-	5,000,387
Other Operating Expenses	107,212,051	40,342	102,280	-	107,354,673
Operating Income	6,293,682	(12,381)	(67,333)	-	6,213,968
Non-Operating Revenues	13,670,511	-	-	-	13,670,511
Excess (Deficiency) of Revenues Over Expenses	19,964,193	(12,381)	(67,333)	-	19,884,479
Capital Contributions	-	-	-	-	-
Change in Net Position	$ 19,964,193	$ (12,381)	$ (67,333)	$ -	$ 19,884,479

Note 16. Blended Component Unit Condensed Financial Information (Continued)

The table below individually discloses the net position and changes in net position for each blended entity as of and for the year ended June 30, 2020. Material inter-entity transactions are eliminated in the presentation below:

	2020				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Current Assets	$ 57,541,485	$ 13,081	$ 81,605	$ -	$ 57,636,171
Capital Assets, Net	45,048,176	-	-	-	45,048,176
Other Assets	418,524	-	-	-	418,524
Deferred Outflows of Resources	726,230	-	-	-	726,230
Total Assets and Deferred Outflows of Resources	$ 103,734,415	$ 13,081	$ 81,605	$ -	$ 103,829,101
Current Liabilities	$ 25,285,118	$ 9,541	$ 189,389	$ -	$ 25,484,048
Long-Term Liabilities	15,283,146	-	-	-	15,283,146
Deferred Inflows of Resources	-	-	-	-	-
Net Position	63,166,151	3,540	(107,784)	-	63,061,907
Total Liabilities Deferred Inflows of Resources and Net Position	$ 103,734,415	$ 13,081	$ 81,605	$ -	$ 103,829,101

	2020				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Operating Revenues	$ 103,407,207	$ 22,568	$ 33,039	$ -	$ 103,462,814
Depreciation	5,419,234	-	-	-	5,419,234
Other Operating Expenses	104,215,573	25,050	94,891	-	104,335,514
Operating Loss	(6,227,600)	(2,482)	(61,852)	-	(6,291,934)
Non-Operating Revenues	3,068,566	-	-	-	3,068,566
Excess (Deficiency) of Revenues Over Expenses	(3,159,034)	(2,482)	(61,852)	-	(3,223,368)
Capital Contributions	-	-	-	-	-
Change in Net Position	$ (3,159,034)	$ (2,482)	$ (61,852)	$ -	$ (3,223,368)

Cash flows generated by the aggregate blended components separately from the Hospital were not material and are not presented.

Note 17. Sale of Nursing Home Assets and Transfer of Skilled Nursing Facility Operations

On July 21, 2020 an asset purchase agreement was executed between the Organization and Lane Senior Care, LLC selling all the “properties, assets and contractual rights used in or related to the operation of the facility for consideration of $2,700,000 plus an amount equal to deposits, prepaids, and other amounts listed in schedule 1.1 of the agreement. As part of the agreement the Organization also sold a parcel of land to the operator to be used to construct a new facility to house the operations. The Organization entered into a lease agreement with the operator to pay monthly rents to the Organization for the use of the existing facility until the construction is completed.

Note 18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 30, 2021, and determined that the no events have occurred that required disclosure. No events occurring after the date above have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

Schedule I

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 137,091	$ 205,586	$ 202,761	$ 165,735	$ 177,889	$ 263,541	$ 302,320	$ 281,883
Interest	1,799,596	1,755,782	1,675,044	1,658,781	1,646,656	1,877,100	1,731,263	1,708,315
Changes of Benefit Terms	-	-	-	-	(3,875,840)	-	-	-
Differences Between Expected and Actual Experience	(447,855)	393,517	(314,845)	(29,635)	(241,157)	(302,113)	-	-
Changes of Assumptions	-	-	1,082,703	-	-	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,935,628)	(1,428,487)	(1,641,225)	(1,573,972)	(1,233,991)	(877,170)	(795,012)	(887,539)
Other	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(446,796)	926,398	1,004,438	220,909	(3,526,443)	961,358	1,238,571 0	1,102,659
Total Pension Liability - Beginning	25,652,739	24,726,341	23,721,903	23,500,994	27,027,437	26,066,079	24,827,508	23,724,849
Total Pension Liability - Ending (a)	$ 25,205,943	$ 25,652,739	$ 24,726,341	$ 23,721,903	$ 23,500,994	$ 27,027,437	$ 26,066,079 0	$ 24,827,508
Plan Fiduciary Net Position								
Contributions - Member	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 435,251
Contributions - Employer	-	-	-	-	261,111	286,162	330,784	359,293
Net Investment Income (Loss)	6,469,468	1,069,355	1,618,065	1,544,579	2,386,303	(231,606)	684,951	3,549,170
Benefit Payments, Including Refund of Employee Contributions	(1,935,628)	(1,428,487)	(1,641,225)	(1,573,972)	(1,233,991)	(877,170)	(795,012)	(887,539)
Administrative Expenses	(18,500)	(23,100)	(18,875)	(34,000)	(41,024)	(21,250)	-	-
Other	-	-	-	-	-	(113,975)	-	-
Net Change in Plan Fiduciary Net Position	4,515,340	(382,232)	(42,035)	(63,393)	1,372,399	(957,839)	220,723	3,456,175
Plan Fiduciary Net Position - Beginning	25,617,761	25,999,993	26,042,028	26,105,421	24,733,022	25,690,861	25,470,138	22,013,963
Plan Fiduciary Net Position - Ending (b)	$ 30,133,101	$ 25,617,761	$ 25,999,993	$ 26,042,028	$ 26,105,421	$ 24,733,022	$ 25,690,861	$ 25,470,138
Net Pension (Asset) Liability Ending (a-b)	$ (4,927,158)	$ 34,978	$ (1,273,652)	$ (2,320,125)	$ (2,604,427)	$ 2,294,415	$ 375,218	$ (642,630)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	119.55%	99.86%	105.15%	109.78%	111.08%	91.51%	98.56%	102.59%
Covered-Employee Payroll	N/A	N/A	N/A	$ 4,280,358	$ 4,280,358	$ 4,542,786	$ 5,104,694	$ 6,061,360
Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	-54.20%	-60.85%	50.51%	7.35%	-10.60%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor’s report.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Required Supplementary Information Under
GASB Statement No. 68
Schedule of Contributions
For the Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

Schedule II

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 435,251
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	-	-	-	435,251
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	N/A	N/A	N/A	$ 4,280,358	$ 4,280,358	$ 4,542,786	$ 5,104,694	$ 6,061,360
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%	7.18%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Required Supplementary Information Under
GASB Statement No. 67
Schedule of Investment Returns
For the Years Ended June 30, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

Schedule III

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	26.12%	4.22%	6.40%	6.09%	9.83%	-0.92%	2.74%	16.23%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The supplementary information presented in Schedules I, II, and III above was determined as part of the actuarial valuation at the ate indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	July 1, 2020 Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method:	The Pure Unit Credit Method
Asset Valuation Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by the actual market value investment return against expected market value investment return) over a five-year period.
Actuarial Assumptions:	
Salary Increases:	Not applicable for Frozen Plan.
Interest Rate:	7.25% per year compounded annually, net of investment-related expenses.
Marital Status:	100% of active participants are assumed to be married at benefit commencement. Males are assumed to be 3 years older than females.
Payment Form:	20% of active participants are assumed to elect lump-sum benefits at retirement.

Retirement Rates:

Attained Age	Rate of Retirement
55 - 61	7.5%
62	25%
63	25%
64	50%
65	100%

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Actuarial Assumptions (Continued):

	Attained Age	Rate of Retirement
Termination Rates:	All Ages	4.00%

Mortality:

Active, Retiree, and Vested Terminated Lives:
PubG-2010 Mortality Table for healthy lives.

Contingent Survivor Lives:
PubG-2010 Mortality Table for Contingent Survivors.

OTHER SUPPLEMENTARY INFORMATION

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2021

Agency Head
Lawrence R. Meese, Chief Executive Officer

Purpose	**Amount**
Salary	$357,430
Benefits - Insurance	$0
Benefits - Retirement	$24,077
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$2,105
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0
Incentive Payments	$0

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Schedule of Board of Commissioners and Salaries
For the Years Ended June 30, 2021 and 2020

	2021	2020
Jordan Charlet	**$ 175**	$ 275
Thomas Scott, Jr.	**250**	275
Donna Kline	**250**	250
Reagan Elkins	**225**	250
Gaynell Young	**250**	250
Darnell Waites	**225**	225
Deborah Brian	**225**	225
David Bowman	**225**	200
Nakeisha Cleveland	**200**	175
Doze Butler	**-**	25
Total	**$ 2,025**	$ 2,150

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

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

To the Board of Commissioners
Hospital Service District No. 1 of
East Baton Rouge Parish, Louisiana
d/b/a Lane Regional Medical Center
Zachary, Louisiana

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, the financial statements of the business-type activities of Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana, d/b/a Lane Regional Medical Center (the Organization), a component unit of the City-Parish of Baton Rouge, and the Lane Regional Medical Center Retirement Plan (the Plan) (a fiduciary fund of the Organization) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's and the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's or the Plan'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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's basic 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization's or the Plan'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
November 30, 2021

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
111 Veterans Blvd. | Suite 600
Metairie, LA 70005
504.835.5522 | Fax 504.835.5535
LaPorte.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Commissioners
Hospital Service District No. 1 of
East Baton Rouge Parish, Louisiana
d/b/a Lane Regional Medical Center
Zachary, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana, d/b/a Lane Regional Medical Center's (the Organization) compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Programs

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LaPorte

A Professional Accounting Corporation

Metairie, LA
November 30, 2021

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor/Program Title/ Pass-Through Grantor's Number	Assistance Listing Number	Contract Period	Federal Expenditures
U.S. Department of Health and Human Services:			
COVID 19 - Provider Relief Fund	93.498	1/1/2020-6/30/2021	$ 1,531,495
U.S. Department of Health and Human Services:			
Louisiana Hospital Association			
National Bioterrorism Hospital Preparedness Program	93.889	09/01/2020-8/31/2021	23,720
Total Expenditures of Federal Awards			$ 1,555,215

Note 1. Basis of Accounting

The Schedule of Expenditures of Federal Awards (SEFA) is prepared using the accrual basis of accounting.

Complete Assistance Listing Numbers are presented for those programs for which such numbers were available. Assistance Listing Number prefixes and other identifying numbers are presented for programs for which a complete Assistance Listing Number is not available.

Note 2. Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Reconciliation of Provider Relief Fund Grant Revenue Recognized in the Financial Statements to Federal Award Expended on the SEFA

During the prior fiscal year the U. S. Department of Health and Human Services (HHS) began providing COVID-19 related Funding under Assistance Listing Number 93.498. The funds are to be utilized to offset eligible COVID-19 expenditures and lost revenues related to COVID-19 as defined in the program regulations. The Organization recognized amounts received as the programs requirements were met as shown in the table below. The amounts received and expended are reported in the SEFA according HHS periods of availability (also known as the "period of performance"). Accordingly, the $1,531,495 expended in “Period 1” is reported on the June 30, 2021 SEFA. The $5,142,024 recognized in the Statement of Activities for the year ended June 30, 2021, received and expended in Period 2 will be reported on the fiscal year ended June 30, 2022 SEFA.

Reporting Period	Total Funding Received	Amount Recognized as Revenue in the Statement of Activities	Amount Recognized as Deferred Revenue	Amount Reported as Federal Expenditure on SEFA
FYE June 30, 2020	$ 1,531,495	$ 1,531,495	$ -	$ -
FYE June 30, 2021	$ 5,142,024	$ 5,142,024	$ -	$ 1,531,495

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance*?	No
Identification of Major Programs:	
93.498 Provider Relief Fund	
Dollar threshold used to determine Type A programs:	$750,000
Auditee qualified as low-risk auditee?	No

HOSPITAL SERVICE DISTRICT NO. 1
OF EAST BATON ROUGE PARISH, LOUISIANA
d/b/a LANE REGIONAL MEDICAL CENTER
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

None reported.