

**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, 2025 and 2024

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## **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

### **Opinions**

We have audited the financial statements of the business-type activities which is the major fund 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 Lane Regional Medical Center Retirement Plan (a fiduciary fund of the Organization) (the Plan) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization and the Plan as of June 30, 2025, and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Prior Period Financial Statements**

The financial statements of the Organization and the Plan, as of and for the year ended June 30, 2024, were audited by other auditors whose report dated November 29, 2024, expressed an unmodified opinion on those statements.

### **Substantial Doubt about the Organization's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 19 to the financial statements, the Organization has suffered recurring losses from operations, experienced significant negative cash flows from operations during the year ended June 30, 2025, and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 19. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's and the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's and the Plan's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, on pages 50 - 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's and the 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 board of commissioners and salaries, as required by Louisiana Revised Statute (R.S.) 24:513 is also 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 is also presented for the purposes of additional analysis.

The schedule of expenditures of federal awards, the schedule of compensation, benefits, and other payments to agency head, and the schedules 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 expenditures of federal awards and the schedule of compensation, benefits, and other payments to agency head 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 March 30, 2026 on our consideration of the Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana d/b/a Lane Regional Medical Center's and Lane Regional Medical Center Retirement Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's and the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's and the Plan's internal control over financial reporting and compliance.



Baton Rouge, LA  
March 30, 2026

**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, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,145,253	\$ 14,809,461
Investments	9,878,143	10,980,421
Patient Accounts Receivable, Net of Allowances for Uncollectible Accounts of \$9,734,407 and \$5,189,492 in 2025 and 2024, Respectively	8,051,661	13,698,847
Inventory	4,782,276	3,646,738
Prepaid Expenses	1,702,606	973,961
Current Portion of Leases Receivable	52,496	87,572
Estimated Third-Party Payor Settlements	494,152	968,531
Other Current Assets	42,975,138	24,869,327
<b>Total Current Assets</b>	<b>71,081,725</b>	<b>70,034,858</b>
<b>Assets Limited as to Use</b>		
Held by Trustee under Debt Agreements	1,995,159	3,135,886
<b>Total Assets Limited as to Use</b>	<b>1,995,159</b>	<b>3,135,886</b>
<b>Capital Assets, Net</b>	<b>98,247,098</b>	<b>73,035,952</b>
<b>Leases, Right-to-Use Assets</b>	<b>863,539</b>	<b>523,729</b>
<b>Subscription Assets</b>	<b>2,220,260</b>	<b>3,244,726</b>
<b>Leases Receivable, Non-Current</b>	<b>136,703</b>	<b>189,199</b>
<b>Net Pension Asset</b>	<b>1,392,236</b>	<b>476,259</b>
<b>Other Assets</b>	<b>416,619</b>	<b>444,711</b>
<b>Total Assets</b>	<b>176,353,339</b>	<b>151,085,320</b>
<b>Deferred Outflows of Resources</b>		
Deferred Amounts Related to Pensions	-	261,996
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 176,353,339</b>	<b>\$ 151,347,316</b>

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, 2025 and 2024**

	2025	2024
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 41,277,541	\$ 29,906,503
Accrued Payroll and Other Expenses	5,895,571	4,975,410
Current Portion of Lease Liabilities	200,887	217,094
Current Portion of Subscription Liabilities	1,013,133	994,664
<b>Total Current Liabilities</b>	<b>48,387,132</b>	<b>36,093,671</b>
Long-Term Debt	66,310,017	38,177,544
Lease Liabilities, Non-Current	670,173	310,651
Subscription Liabilities, Non-Current	419,156	1,432,289
<b>Total Noncurrent Liabilities</b>	<b>67,399,346</b>	<b>39,920,484</b>
<b>Total Liabilities</b>	<b>115,786,478</b>	<b>76,014,155</b>
<b>Deferred Inflows of Resources</b>		
Deferred Amounts Related to Lease Receivables	173,253	259,807
Deferred Amounts Related to Pensions	322,990	-
<b>Total Deferred Inflows of Resources</b>	<b>496,243</b>	<b>259,807</b>
<b>Net Position</b>		
Net Investment in Capital Assets	33,189,960	36,398,887
Restricted	1,995,159	3,135,886
Unrestricted	24,885,499	35,538,581
<b>Total Net Position</b>	<b>60,070,618</b>	<b>75,073,354</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 176,353,339</b>	<b>\$ 151,347,316</b>

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, 2025 and 2024**

	2025	2024
<b>Operating Revenues</b>		
Net Patient Service Revenue	\$ 69,110,900	\$ 75,260,019
Other Operating Revenue	67,290,068	76,080,537
<b>Total Operating Revenues</b>	<b>136,400,968</b>	<b>151,340,556</b>
<b>Operating Expenses</b>		
Contracted Services and IGT's	52,160,008	64,613,355
Salaries	51,647,174	46,164,664
Supplies	18,689,727	18,160,703
Fringe Benefits	7,804,211	8,107,087
Professional Fees	6,429,862	6,748,790
Depreciation and Amortization	5,492,877	5,456,968
Repairs and Maintenance	2,429,151	3,019,016
Insurance	2,184,617	2,054,299
Utilities	1,719,942	1,363,698
Other	1,692,531	1,135,086
Rents	86,594	60,172
<b>Total Operating Expenses</b>	<b>150,336,694</b>	<b>156,883,838</b>
<b>Operating Loss</b>	<b>(13,935,726)</b>	<b>(5,543,282)</b>
<b>Non-Operating Revenue (Expense)</b>		
Investment Income	1,189,572	1,515,653
Other Non-Operating Revenue	746,337	1,059,952
Interest Expense	(3,002,919)	(1,312,701)
<b>Net Non-Operating (Expense) Revenue</b>	<b>(1,067,010)</b>	<b>1,262,904</b>
<b>Changes in Net Position</b>	<b>(15,002,736)</b>	<b>(4,280,378)</b>
<b>Net Position, Beginning of Year</b>	<b>75,073,354</b>	<b>79,353,732</b>
<b>Net Position, End of Year</b>	<b>\$ 60,070,618</b>	<b>\$ 75,073,354</b>

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, 2025 and 2024**

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Receipts from and on Behalf of Patients	\$ 142,522,533	\$ 145,610,737
Payments to Suppliers and Contractors	(95,279,622)	(84,598,915)
Payments to Employees	(58,862,215)	(53,858,747)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(11,619,304)</b>	<b>7,153,075</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Other Non-Operating Revenues	1,233,676	1,718,328
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,233,676</b>	<b>1,718,328</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Decrease in Assets Held by Trustee under Debt Agreements	1,140,727	5,993,358
Interest Paid on Long-Term Debt	(3,002,919)	(1,312,701)
Proceeds from Sale of Capital Assets	5,345	28,014
Purchase of Capital Assets	(1,254,336)	(8,421,695)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(3,111,183)</b>	<b>(3,713,024)</b>
<b>Cash Flows from Investing Activities</b>		
Capital Invested in Affiliated Entities	(58,877)	-
Purchase of Investments	(11,799,307)	(15,665,359)
Proceeds from Sale of Investments	13,690,787	15,490,280
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>1,832,603</b>	<b>(175,079)</b>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	<b>(11,664,208)</b>	<b>4,983,300</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>14,809,461</b>	<b>9,826,161</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,145,253</b>	<b>\$ 14,809,461</b>

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 (Continued)  
For the Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash (Used in) Provided by Operating Activities</b>		
Operating Loss	\$ (13,935,726)	\$ (5,543,282)
Adjustments to Reconcile Operating Loss to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	5,492,877	5,456,968
Pension (Income) Expense	(330,991)	163,936
Loss on Disposal of Property and Equipment	-	21,184
Provision for Bad Debts	9,794,514	6,850,941
Changes in:		
Patient Accounts Receivable	(4,147,328)	(12,622,645)
Inventory, Prepaids, and Other Current Assets	(19,969,994)	1,168,112
Subscription Asset	-	(618,280)
Lease Receivable	87,572	87,349
Accounts Payable	11,371,038	12,811,513
Lease Liability	(294,588)	(286,138)
Subscription Liability	(994,664)	(540,982)
Deferred Inflow Related to Leases	(86,554)	(86,554)
Accrued Payroll and Other Expenses	920,161	249,068
Estimated Third-Party Payor Settlements	474,379	41,885
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>\$ (11,619,304)</b>	<b>\$ 7,153,075</b>
<b>Supplemental Disclosures of Non-Cash Investing Activities</b>		
Increase in Fair Value of Investments	\$ 789,202	\$ 850,928
Equity in Net (Loss) Income of Affiliated Entities	\$ (86,969)	\$ 6,349
<b>Supplemental Disclosures of Non-Cash Capital and Related Financial Activities</b>		
Right-of-Use Assets obtained from Lease Liabilities	\$ 637,903	\$ 413,358
Subscription Assets obtained from Subscription Liabilities	\$ -	\$ 2,967,935
Property and Equipment financed through Debt	\$ 28,132,473	\$ 23,970,124

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, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,074,281	\$ 320,852
Investments		
Equity Securities		
Common Stock	11,069,744	10,376,561
Equity Funds	3,500,896	5,226,571
Exchange Traded Funds	2,509,336	2,033,096
Real Estate Investment Trusts	196,255	74,147
Fixed Income Securities		
Government	5,774,445	4,925,062
Corporate	2,385,256	2,832,885
Total Investments	<u>25,435,932</u>	<u>25,468,322</u>
<b>Total Assets</b>	<u>\$ 26,510,213</u>	<u>\$ 25,789,174</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 26,510,213</u>	<u>\$ 25,789,174</u>

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, 2025 and 2024**

	2025	2024
<b>Additions</b>		
<b>Investment Income</b>		
Net Change in Fair Value	\$ 2,002,974	\$ 2,197,699
Investment and Dividend Income	714,420	662,926
	<u>2,717,394</u>	<u>2,860,625</u>
Less: Investment Expense	(81,822)	(78,374)
	<u>2,635,572</u>	<u>2,782,251</u>
<b>Net Investment Income</b>	<u>2,635,572</u>	<u>2,782,251</u>
<b>Total Additions</b>	<u>2,635,572</u>	<u>2,782,251</u>
<b>Deductions</b>		
Benefit Payments	1,894,783	1,966,605
Administrative Expenses	19,750	16,500
	<u>1,914,533</u>	<u>1,983,105</u>
<b>Total Deductions</b>	<u>1,914,533</u>	<u>1,983,105</u>
<b>Increase in Net Position</b>	721,039	799,146
<b>Net Position Restricted for Pensions, Beginning of Year</b>	<u>25,789,174</u>	<u>24,990,028</u>
<b>Net Position Restricted for Pensions, End of Year</b>	<u>\$ 26,510,213</u>	<u>\$ 25,789,174</u>

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**

**Notes to Basic Financial Statements**

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**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.

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

**Notes to Basic Financial Statements**

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**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:

**Proprietary Fund**

**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. The Hospital, the Corporation, and the Foundation are collectively referred to as the Enterprise Fund.

Accordingly, the Organization maintains the Enterprise Fund 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.

**HOSPITAL SERVICE DISTRICT NO. 1  
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**Notes to Basic Financial Statements**

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**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, 2025 and 2024, 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.

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**Notes to Basic Financial Statements**

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**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 statements of net position date because it is payable upon termination of employment.

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**Notes to Basic Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**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.

**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 is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**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 \$9,794,514 and \$6,850,941 for the years ended June 30, 2025 and 2024, 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 13.

**HOSPITAL SERVICE DISTRICT NO. 1  
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**Notes to Basic Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Charity Care**

The Organization, as part of its mission, routinely provides care to individuals regardless of their ability to pay. The Organization does not pursue collection of amounts determined to qualify as charity care. Such amounts are recorded as gross patient service revenue and written off through contractual allowances. As such, these charges are not reported as net patient service revenue on the statements of revenues, expenses, and changes in net position. Charity care charges forgone for the years ended June 30, 2025 and 2024 were \$15,454 and \$974,248, respectively.

**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.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
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**Notes to Basic Financial Statements**

**Note 3. Deposits and Investments**

The Enterprise Fund and the Pension Trust Fund investments generally are reported at fair value, as discussed in Note 2. At June 30, 2025 and 2024, the Enterprise Fund 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:

	Proprietary Enterprise Fund	Fiduciary Pension Trust Fund	Total
<b>June 30, 2025</b>			
Cash and Cash Equivalents	\$ 3,145,253	\$ 1,074,281	\$ 4,219,534
<b>Investments</b>			
<b>Equity</b>			
Common Stock	3,875,805	11,069,744	14,945,549
Equity Funds	979,129	3,500,896	4,480,025
Exchange Traded Funds	597,321	2,509,336	3,106,657
Real Estate Investment Trusts	63,381	196,255	259,636
<b>Fixed Income Securities</b>			
Government	2,943,251	5,774,445	8,717,696
Corporate	1,419,256	2,385,256	3,804,512
<b>Total Investments</b>	<b>9,878,143</b>	<b>25,435,932</b>	<b>35,314,075</b>
<b>Held by Trustee Under Debt Agreements</b>			
Cash and Cash Equivalents	1,995,159	-	1,995,159
<b>Total</b>	<b>\$ 15,018,555</b>	<b>\$ 26,510,213</b>	<b>\$ 41,528,768</b>
	Proprietary Enterprise Fund	Fiduciary Pension Trust Fund	Total
<b>June 30, 2024</b>			
Cash and Cash Equivalents	\$ 14,809,461	\$ 320,852	\$ 15,130,313
<b>Investments</b>			
<b>Equity</b>			
Common Stock	4,673,388	10,376,561	15,049,949
Equity Funds	202,129	5,226,571	5,428,700
Exchange Traded Funds	134,649	2,033,096	2,167,745
Real Estate Investment Trusts	86,035	74,147	160,182
<b>Fixed Income Securities</b>			
Government	3,813,612	4,925,062	8,738,674
Corporate	2,070,608	2,832,885	4,903,493
<b>Total Investments</b>	<b>10,980,421</b>	<b>25,468,322</b>	<b>36,448,743</b>
<b>Held by Trustee Under Debt Agreements</b>			
Cash and Cash Equivalents	3,135,886	-	3,135,886
<b>Total</b>	<b>\$ 28,925,768</b>	<b>\$ 25,789,174</b>	<b>\$ 54,714,942</b>

**HOSPITAL SERVICE DISTRICT NO. 1  
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**Notes to Basic Financial Statements**

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**Note 3. Deposits and Investments (Continued)**

Under Louisiana Revised Statutes (R.S.) 39:2957, 46:1073.1, and 11:263, the Enterprise Fund 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 Enterprise Fund's funds. The Enterprise Fund 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.

The Enterprise Fund's investment portfolio consisted of 54% equity investments and 43% fixed income investments included in investments on the statements of net position, and 3% cash and cash equivalents included in cash and cash equivalents and investments held by trustee for debt service on the statements of net position at June 30, 2025. The Enterprise Fund's investment portfolio consisted of 36% equity investments and 42% fixed income investments included in investments on the statements of net position, and 22% cash and cash equivalents included in cash and cash equivalents and investments held by trustee for debt service on the statements of net position at June 30, 2024.

Louisiana Revised Statutes 33:2955, 33:5161, and 33:5162 list the allowed investment types for the Pension Trust Fund. The Pension Trust Fund did not hold any prohibited investment types at June 30, 2025 or 2024.

Louisiana statutes require that all of the Enterprise Fund's and the Pension Trust Fund's deposits be protected by insurance or collateral. The Enterprise Fund'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 Enterprise Fund's investment portfolio with ratings are rated between Aaa and Baa3 by Moody's. Credit ratings were not available for three investments in the Enterprise Fund'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 twenty investments in the Pension Trust Fund's investment portfolio.

**Concentration of Credit Risk:** The Enterprise Fund 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 Enterprise Fund's or the Pension Trust Fund's investments at June 30, 2025 or 2024.

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**Notes to Basic Financial Statements**

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**Note 3. Deposits and Investments (Continued)**

Interest Rate Risk: In accordance with its investment policy, the Enterprise Fund 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 Enterprise Fund'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.

Interest income totaled \$333,515 and \$582,617, while investment gains and (losses), net, on the investment portfolio totaled \$789,202 and \$850,928 for the Enterprise Fund for the years ended June 30, 2025 and 2024, respectively. Interest and dividend income totaled \$714,420 and \$662,926, while investment gains and (losses), net, on the investment portfolio totaled \$1,921,152 and \$2,119,325 for the Pension Trust Fund for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the Hospital owned 25% 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, 2025 and 2024, 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, 2025 and 2024.

Summarized financial information for the Center is presented below:

	<b>As of and for the Year Ended</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>Total Assets</b>	<b>\$ 506,045</b>	<b>\$ 573,685</b>
<b>Total Liabilities</b>	<b>\$ 152,720</b>	<b>\$ 209,328</b>
<b>Members' Equity</b>	<b>\$ 353,325</b>	<b>\$ 364,357</b>
<b>Net Income</b>	<b>\$ 78,968</b>	<b>\$ 188,842</b>

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**Notes to Basic Financial Statements**

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**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, 2025 and 2024, the Hospital owned 30% of PCC. The balance of its equity interest at June 30, 2025 and 2024, totaled \$416,619 and \$435,711, respectively, and is included in other assets on the statements of net position. For the years ended June 30, 2025 and 2024, the Hospital recognized a (loss) gain associated with its investment in PCC in the amount of (\$86,969) and \$6,349, 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, 2025 and 2024, the Hospital made equity contributions of \$58,877 and \$-0-, 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 is presented below:

	<b>As of and for the Year Ended</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>Total Assets</b>	<b>\$ 1,430,856</b>	<b>\$ 1,736,514</b>
<b>Total Liabilities</b>	<b>\$ 95,531</b>	<b>\$ 300,178</b>
<b>Members' Equity</b>	<b>\$ 1,335,325</b>	<b>\$ 1,436,336</b>
<b>Net Loss</b>	<b>\$ (297,267)</b>	<b>\$ (27,623)</b>

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 LIHN, is presented below:

	<b>As of and for the Year Ended</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>Total Assets</b>	<b>\$ 394,198</b>	<b>\$ 252,354</b>
<b>Total Liabilities</b>	<b>\$ 63,304</b>	<b>\$ 70,074</b>
<b>Members' Equity</b>	<b>\$ 330,894</b>	<b>\$ 182,280</b>
<b>Net Income (Loss)</b>	<b>\$ 148,614</b>	<b>\$ (37,434)</b>

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**Notes to Basic Financial Statements**

**Note 5. Capital and Right-to-Use Assets**

Capital and right-to-use asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Contributed Assets, Adjustments, and Transfers In (Out)	Additions	Retirements	Balance June 30, 2025
<b>Land and Construction in Progress:</b>					
Land	\$ 4,266,856	\$ -	\$ -	\$ -	\$ 4,266,856
Construction in Progress	36,139,466	-	27,128,501	-	63,266,967
	40,405,322	-	27,128,501	-	67,533,823
<b>Capital and Right-to-Use Assets - Depreciable:</b>					
Land Improvements	2,138,799	-	-	-	2,138,799
Buildings	67,358,494	-	266,631	-	67,625,125
Right-to-Use Buildings	288,573	-	-	-	288,573
Movable and Other Equipment	61,946,768	-	1,991,674	(786,889)	63,151,553
Right-to-Use Equipment	1,263,481	-	637,903	(179,650)	1,721,734
Right-to-Use SBITA	3,586,215	-	-	-	3,586,215
	136,582,330	-	2,896,208	(966,539)	138,511,999
<b>Less Accumulated Depreciation and Amortization:</b>					
Land Improvements	1,184,706	-	87,641	-	1,272,347
Buildings	46,660,623	-	1,830,833	-	48,491,456
Right-to-Use Buildings	256,510	-	32,063	-	288,573
Movable and Other Equipment	50,968,102	-	2,251,844	(781,547)	52,438,399
Right-to-Use Equipment	771,815	-	266,030	(179,650)	858,195
Right-to-Use SBITA	341,489	-	1,024,466	-	1,365,955
	99,069,941	-	5,492,877	(961,197)	104,714,925
<b>Capital and Right-to-Use Assets - Depreciable, Net</b>	<b>37,512,389</b>	<b>-</b>	<b>(2,596,669)</b>	<b>(5,342)</b>	<b>33,797,074</b>
<b>Total Capital and Right-to-Use Assets, Net</b>	<b>\$ 77,917,711</b>	<b>\$ -</b>	<b>\$ 24,531,832</b>	<b>\$ (5,342)</b>	<b>\$ 101,330,897</b>

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**Notes to Basic Financial Statements**

**Note 5. Capital Assets (Continued)**

Capital and right-to-use asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Contributed Assets, Adjustments, and Transfers In (Out)	Additions	Retirements	Balance June 30, 2024
<b>Land and Construction in Progress:</b>					
Land	\$ 4,266,856	\$ -	\$ -	\$ -	\$ 4,266,856
Construction in Progress	7,444,007	-	28,694,459	-	36,138,466
	11,710,863	-	28,694,459	-	40,405,322
<b>Capital and Right-to-Use Assets - Depreciable:</b>					
Land Improvements	2,138,799	-	-	-	2,138,799
Buildings	67,065,927	-	301,067	(28,500)	67,358,494
Right-to-Use Buildings	288,573	-	-	-	288,573
Movable and Other Equipment	68,467,618	-	3,396,293	(9,917,143)	61,946,768
Right-to-Use Equipment	850,121	-	413,360	-	1,263,481
Right-to-Use SBITA	-	-	3,586,215	-	3,586,215
	138,831,038	-	7,696,935	(9,945,643)	136,582,330
<b>Less Accumulated Depreciation and Amortization:</b>					
Land Improvements	1,093,629	-	91,077	-	1,184,706
Buildings	44,686,299	-	1,974,324	-	46,660,623
Right-to-Use Buildings	192,382	-	64,128	-	256,510
Movable and Other Equipment	58,065,272	-	2,799,275	(9,896,445)	50,968,102
Right-to-Use Equipment	585,140	-	186,675	-	771,815
Right-to-Use SBITA	-	-	341,489	-	341,489
	104,622,722	-	5,456,968	(9,896,445)	100,183,245
<b>Capital and Right-to-Use Assets - Depreciable, Net</b>	<b>34,208,316</b>	<b>-</b>	<b>2,239,967</b>	<b>(49,198)</b>	<b>36,399,085</b>
<b>Total Capital and Right-to-Use Assets, Net</b>	<b>\$ 45,919,179</b>	<b>\$ -</b>	<b>\$ 30,934,426</b>	<b>\$ (49,198)</b>	<b>\$ 76,804,407</b>

During the year ended June 30, 2022 the Hospital began construction of a new 82,000 square foot four story tower and 37,000 square feet of interior renovations including but not limited to new patient and ICU rooms, expanded and improved surgical facilities, and other modernizations and improvements. In accordance with the improvements and expansion plans, the Hospital demolished a portion of its existing west wing and the former nursing home facility. Total budgeted costs associated with the project are expected to approximate \$90 million upon completion, currently anticipated in July 2027. The project is funded in part from the Hospital's own funds and from the debt financing detailed in Note 9.

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**Notes to Basic Financial Statements**

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**Note 6. Fair Value Measurement**

The Enterprise Fund'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.

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**Notes to Basic Financial Statements**

**Note 6. Fair Value Measurement (Continued)**

The valuation of the Enterprise Fund's investments measured at fair value at June 30, 2025 and 2024 are as follows:

June 30, 2025	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 3,145,253	\$ -	\$ -	\$ 3,145,253
<b>Investments</b>				
<b>Equity</b>				
Common Stock	3,875,805	-	-	3,875,805
Equity Funds	979,129	-	-	979,129
Exchange Traded Funds	597,321	-	-	597,321
Real Estate Investment Trusts	63,381	-	-	63,381
<b>Fixed Income Securities</b>				
Government	2,943,251	-	-	2,943,251
Corporate	1,419,256	-	-	1,419,256
<b>Total Investments</b>	<b>9,878,143</b>	<b>-</b>	<b>-</b>	<b>9,878,143</b>
<b>Investments Held by Trustee for Debt Service</b>				
Cash and Cash Equivalents	1,995,159	-	-	1,995,159
<b>Total</b>	<b>\$ 15,018,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,018,555</b>
<b>June 30, 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 14,809,461	\$ -	\$ -	\$ 14,809,461
<b>Investments</b>				
<b>Equity</b>				
Common Stock	4,673,388	-	-	4,673,388
Equity Funds	202,129	-	-	202,129
Exchange Traded Trusts	134,649	-	-	134,649
Real Estate Investment Trusts	86,035	-	-	86,035
<b>Fixed Income Securities</b>				
Government	3,813,612	-	-	3,813,612
Corporate	2,070,608	-	-	2,070,608
<b>Total Investments</b>	<b>10,980,421</b>	<b>-</b>	<b>-</b>	<b>10,980,421</b>
<b>Investments Held by Trustee for Debt Service</b>				
Cash and Cash Equivalents	3,135,886	-	-	3,135,886
<b>Total</b>	<b>\$ 28,925,768</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,925,768</b>

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**Notes to Basic Financial Statements**

**Note 6. Fair Value Measurement (Continued)**

The valuation of the Pension Trust Fund's investments measured at fair value at June 30, 2025 and 2024 are as follows:

June 30, 2025	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 1,074,281	\$ -	\$ -	\$ 1,074,281
<b>Investments</b>				
<b>Equity</b>				
Common Stock	11,069,744	-	-	11,069,744
Equity Funds	3,500,896	-	-	3,500,896
Exchange Traded Trusts	2,509,336	-	-	2,509,336
Real Estate Investment Trusts	196,255	-	-	196,255
<b>Fixed Income Securities</b>				
Government	4,052,269	1,722,176	-	5,774,445
Corporate	2,310,788	74,468	-	2,385,256
<b>Total Investments</b>	<b>23,639,288</b>	<b>1,796,644</b>	<b>-</b>	<b>25,435,932</b>
<b>Total</b>	<b>\$ 24,713,569</b>	<b>\$ 1,796,644</b>	<b>\$ -</b>	<b>\$ 26,510,213</b>
June 30, 2024	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 320,852	\$ -	\$ -	\$ 320,852
<b>Investments</b>				
<b>Equity</b>				
Common Stock	10,376,561	-	-	10,376,561
Equity Funds	5,226,571	-	-	5,226,571
Exchange Traded Trusts	2,033,096	-	-	2,033,096
Real Estate Investment Trusts	74,147	-	-	74,147
<b>Fixed Income Securities</b>				
Government	3,195,092	1,729,970	-	4,925,062
Corporate	2,634,388	198,497	-	2,832,885
<b>Total Investments</b>	<b>23,539,855</b>	<b>1,928,467</b>	<b>-</b>	<b>25,468,322</b>
<b>Total</b>	<b>\$ 23,860,707</b>	<b>\$ 1,928,467</b>	<b>\$ -</b>	<b>\$ 25,789,174</b>

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**Note 7. Leases**

**Lease Receivable and Deferred Inflow of Resources**

During fiscal year 2020, the Organization began leasing a suite to PCC. The lease term is for 6 years with a renewal option at the end of the lease term. The Organization will receive monthly payments of \$7,268. The Organization recognized \$85,751 and \$84,467 in lease revenue and \$1,467 and \$2,752 in interest revenue for the years ended June 30, 2025 and 2024, respectively, related to this lease. As of June 30, 2025 and 2024, the Organization's receivables for lease payments were \$50,622 and \$133,849, respectively. Also, the Organization has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025 and 2024, the balances of the deferred inflow of resources were \$48,673 and \$132,112, respectively.

During fiscal year 2015, the Organization began leasing land to CBC Zachary, LLC. The lease term is for 50 years with no option to renew. The Organization will receive monthly payments of \$417. The Organization recognized \$1,453 and \$1,410 in lease revenue and \$3,547 and \$3,590 in interest revenue during fiscal years 2025 and 2024, respectively, related to this lease. As of June 30, 2025 and 2024, the Organization's receivables for lease payments were \$113,357 and \$115,914, respectively. Also, the Organization has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025 and 2024, the balances of the deferred inflow of resources were \$101,753 and \$104,301, respectively.

During fiscal year 2015, the Organization began leasing land to the City of Baton Rouge, Parish of East Baton Rouge. The lease term is for 50 years with no option to renew. The Organization will receive monthly payments of \$83. The Organization recognized \$368 and \$359 in lease revenue and \$632 and \$641 in interest revenue for the years ended June 30, 2025 and 2024, respectively, related to this lease. As of June 30, 2025 and 2024, the Organization's receivables for lease payments were \$25,230 and \$25,958, respectively. Also, the Organization has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025 and 2024, the balances of the deferred inflow of resources were \$22,827 and \$23,394.

**Right-to-Use Assets and Lease Liabilities**

During fiscal year 2020, the Organization entered into a five-year lease agreement as lessee for equipment with CareFusion Solutions, LLC. The Organization was required to make monthly principal and interest payments of \$11,809. The lease had an interest rate of .16%. The lease expired during fiscal year 2025.

During fiscal year 2025, the Organization entered into a five-year lease agreement as a lessee for equipment with CareFusion, LLC. The Organization is required to make monthly principal and interest payments of \$11,770. The lease has an interest rate of 4.22%.

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**Note 7. Leases (Continued)**

**Right-to-Use Assets and Lease Liabilities (Continued)**

During fiscal year 2020, the Organization entered into a five-year lease agreement as lessee for the use of facilities with Victoria Investment Properties, LLC. The Organization was required to make monthly principal and interest payments of \$5,575. The lease had an interest rate of 1.53%. Management did not elect to exercise the renewal option upon expiration of the lease in fiscal year 2025.

During fiscal year 2019, the Organization entered into a five-year lease agreement as lessee for equipment with Siemens Financial Services, Inc. The Organization was required to make monthly principal and interest payments of \$4,960. The lease had an interest rate of 2.797%. Additionally, the Organization had a Fair Market Value Purchase Option (FMV Option) to purchase the asset at the end of the lease term. Management did not elect to exercise the purchase option upon expiration of the lease in fiscal year 2024.

During fiscal year 2024, the Organization entered into a five-year lease agreement as a lessee for equipment with Xerox Financial Services, LLC. The Organization is required to make monthly principal and interest payments of \$7,575. The lease has an interest rate of 3.80%. Additionally the Organization has a FMV Option to purchase the asset at the end of the lease term. Management has not made a determination on the likelihood of exercising this option at this time.

The following table presents the components of the Organization's right-to-use assets and accumulated amortization at June 30, 2025 and 2024:

June 30, 2025	Asset Amount	Accumulated Amortization	Net Value
Equipment	\$ 1,721,734	\$ (858,195)	\$ 863,539
Facilities	288,573	(288,573)	-
Total	\$ 2,010,307	\$ (1,146,768)	\$ 863,539
June 30, 2024	Asset Amount	Accumulated Amortization	Net Value
Equipment	\$ 1,263,481	\$ (771,815)	\$ 491,666
Facilities	288,573	(256,510)	32,063
Total	\$ 1,552,054	\$ (1,028,325)	\$ 523,729

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**Note 7. Leases (Continued)**

**Right-to-Use Assets and Lease Liabilities (Continued)**

A schedule of changes in the Organization's lease liabilities during 2025 and 2024 is as follows:

	June 30, 2025	Additions/ Changes	Retirements/ Payments	June 30, 2025	Due Within One Year
Lease Liabilities	\$ 527,745	\$ 637,903	\$ (294,588)	\$ 871,060	\$ 200,887
	\$ 527,745	\$ 637,903	\$ (294,588)	\$ 871,060	\$ 200,887
	June 30, 2024	Additions/ Changes	Retirements/ Payments	June 30, 2024	Due Within One Year
Lease Liabilities	\$ 400,523	\$ 413,360	\$ (286,138)	\$ 527,745	\$ 217,094
	\$ 400,523	\$ 413,360	\$ (286,138)	\$ 527,745	\$ 217,094

Principal and interest payments due on lease liabilities over the next five years and thereafter are as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 200,887	\$ 31,257
2027	209,181	22,964
2028	217,807	14,337
2029	196,352	5,491
2030	46,833	247
<b>Total</b>	<b>\$ 871,060</b>	<b>\$ 74,296</b>

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**Note 8. Subscription-Based Information Technology Arrangements**

The Organization has entered into subscription-based information technology arrangements (SBITAs) involving patient management software and materials management software. The total costs of the Organization's subscription assets are recorded as \$3,586,215, less accumulated amortization of \$1,365,955 and \$341,489, respectively, at June 30, 2025 and 2024.

The future subscription payments under SBITA agreements are as follows:

Year Ending June 30,	Subscription Payments		
	Principal	Interest	Total
2026	\$ 1,013,133	\$ 52,969	\$ 1,066,102
2027	419,156	14,232	433,388
<b>Total</b>	<b>\$ 1,432,289</b>	<b>\$ 67,201</b>	<b>\$ 1,499,490</b>

**Note 9. Long-Term Debt**

A schedule of changes in the Hospital's long-term debt for 2025 and 2024 follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amount Due Within One Year
<b>Bond Anticipation Notes:</b>					
Series 2022A	\$ 37,915,566	\$ 22,723,520	\$ -	\$ 60,639,086	\$ -
Series 2022B	261,978	5,408,953	-	5,670,931	-
<b>Total Long-Term Debt</b>	<b>\$ 38,177,544</b>	<b>\$ 28,132,473</b>	<b>\$ -</b>	<b>\$ 66,310,017</b>	<b>\$ -</b>
	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due Within One Year
<b>Bond Anticipation Notes:</b>					
Series 2022A	\$ 13,983,545	\$ 23,932,021	\$ -	\$ 37,915,566	\$ -
Series 2022B	223,875	38,103	-	261,978	-
<b>Total Long-Term Debt</b>	<b>\$ 14,207,420</b>	<b>\$ 23,970,124</b>	<b>\$ -</b>	<b>\$ 38,177,544</b>	<b>\$ -</b>

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**Note 9. Long-Term Debt (Continued)**

The terms and due dates of the Hospital's long-term debt at June 30, 2025 and 2024 follows:

The Hospital has been approved for a USDA Community Development loan to facilitate the refunding of the Series 2013A and Series 2013 notes and to finance the construction of the expansion project detailed more fully in Note 5. Pursuant to the Community Development Program Terms the Hospital entered into the following bond anticipation notes payable for interim construction financing in December 2022:

- Bond Anticipation Note Payable (Series 2022A) Authorized by Resolution dated August 29, 2022 for the purposes of providing interim financing for the project at an aggregate principal amount of \$80,880,000. The note is held by the Greater Nevada Credit Union and is dated December 15, 2022. The note bears interest at 5.57% and matures August 15, 2026. Interest is payable monthly. Secured by net revenues and further secured by a mortgage of the immovable property of the Hospital (as defined in the Bond Resolution), and/or a security agreement on moveable property and equity.
- Bond Anticipation Note Payable (Series 2022B) Authorized by Resolution dated August 29, 2022 for the purposes of providing interim financing for the project at an aggregate principal amount of \$9,950,000. The note is held by the Bank of Zachary, is dated December 15, 2022 and issued on a parity with the Series 2022A note. The note bears interest at 4.25% and matures August 15, 2026. Interest is payable monthly. Secured by net revenues and further secured by a mortgage of the immovable property of the Hospital (as defined in the Bond Resolution), and/or a security agreement on moveable property and equity.

The Series 2022A and 2022B notes are expected to be settled with the proceeds of the 2026 Bond issue.

The bond anticipation notes and continuing covenant agreements, require the Hospital to comply with various restrictive covenants. The covenants consist primarily of required deposits to stipulated funds, reporting requirements, insurance coverage, restrictions on additional debt, capital assets, debt service coverage ratio maintenance, and other administrative requirements. For the year ended June 30, 2025, the Hospital was not in compliance with the debt covenant over reporting requirements. The bond anticipation notes and continuing covenant agreements require the lenders to send a written, certified notice of default and allow for a thirty day remediation period after the notice is received before the bond anticipation notes are considered to be in default. The lenders have not sent a written, certified notice of default as of March 30, 2026.

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**Note 9. Long-Term Debt (Continued)**

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

Year Ended June 30,	Long-Term Debt	
	Principal	Interest
2026	\$ -	\$ 3,618,612
2027	66,310,017	603,102
<b>Total</b>	<b>\$ 66,310,017</b>	<b>\$ 4,221,714</b>

**Note 10. 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.

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**Note 10. Insurance Programs (Continued)**

The claims liabilities, which are included in accrued payroll and other expenses on the statements of net position at June 30, 2025 and 2024, 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, 2025 and 2024 are reflected below:

	2025	2024
Claims Liability, Beginning of Year	\$ 249,808	\$ 239,270
Current Year Claims and Changes in Estimates	2,519,497	4,002,135
Current Year Claims Payments	<u>(2,526,352)</u>	<u>(3,991,597)</u>
<b>Total</b>	<b><u>\$ 242,953</u></b>	<b><u>\$ 249,808</u></b>

**Note 11. 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.

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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

**Plan Description (Continued)**

As of June 30, 2025 and 2024, pension plan membership consisted of the following:

	2025	2024
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	118	116
Inactive Plan Members Entitled to but not yet Receiving Benefits	73	76
Active Plan Members	0	0
Active Frozen Plan Members	40	44
<b>Total</b>	<b>231</b>	<b>236</b>

*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.

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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

**Plan Description (Continued)**

Death Benefits (Continued):

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.

*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 Liability* - The Hospital's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

**Actuarial Methods and Assumptions**

The total pension liability is based on the pure unit credit actuarial cost method as described in GASB 67 and GASB 68. Calculations were made as of June 30, 2025 and were based on July 1, 2024 data. The current year actuarial assumptions utilized are based on the assumptions used in the July 1, 2024 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.

The total pension liability in the June 30, 2025 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 for healthy lives. The mortality tables used for contingent survivor lives from the PubG-2010 mortality table for contingent survivors (sex distinct) with mortality improvements projected five (5) years beyond the valuation date using scale MP-2021 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.

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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

**Actuarial Methods and Assumptions (Continued)**

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 are summarized in the following tables:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	6.00%
International Equity	6.85%
Domestic Fixed Income	3.25%
International Fixed Income	3.75%

<b>Asset Class</b>	<b>Target Allocations</b>
Domestic Equity	55%
International Equity	10%
Domestic Fixed Income	30%
International Fixed Income	5%

*Discount Rate* - The discount rate used to measure the total pension liability was 7.25%. 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.

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**Note 11. Pension Plan (Continued)**

**Changes in Net Pension Liability (Asset)**

The components of the net pension liability (asset) reported in the Organization's statements of net position as of June 30, 2025 and 2024, are as follows:

	2025	2024
Total Pension Liability	\$ 25,117,976	\$ 25,312,915
Plan Fiduciary Net Position	26,510,212	25,789,174
Net Pension Liability (Asset)	\$ (1,392,236)	\$ (476,259)
Plan Fiduciary Net Position as a Total Percentage of the Total Pension Liability	105.54%	101.88%

The change in the net pension liability (asset) for 2025 is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances at June 30, 2024</b>	\$ 25,312,915	\$ 25,789,174	\$ (476,259)
Changes for the Year			
Service Cost	81,889	-	81,889
Interest	1,772,462	-	1,772,462
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	(155,189)	-	(155,189)
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	-	2,634,889	(2,634,889)
Benefit Payments, Including Refunds of Employee Contributions	(1,894,101)	(1,894,101)	-
Administrative Expense	-	(19,750)	19,750
New Changes	(194,939)	721,038	(915,977)
<b>Balances at June 30, 2025</b>	\$ 25,117,976	\$ 26,510,212	\$ (1,392,236)

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**Note 11. Pension Plan (Continued)**

**Changes in Net Pension Liability (Asset) (Continued)**

The change in the net pension (asset) liability for 2024 is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances at June 30, 2023</b>	\$ 25,455,559	\$ 24,990,028	\$ 465,531
Changes for the Year			
Service Cost	88,726	-	88,726
Interest	1,780,902	-	1,780,902
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	(52,021)	-	(52,021)
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	-	2,775,897	(2,775,897)
Benefit Payments, Including Refunds of Employee Contributions	(1,960,251)	(1,960,251)	-
Administrative Expense	-	(16,500)	16,500
<b>New Changes</b>	<b>(142,644)</b>	<b>799,146</b>	<b>(941,790)</b>
<b>Balances at June 30, 2024</b>	<b>\$ 25,312,915</b>	<b>\$ 25,789,174</b>	<b>\$ (476,259)</b>

**Sensitivity to Changes in the Discount Rate**

The following presents the net pension asset of the Hospital as of June 30, 2025 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	Current	1% Increase
	6.25%	Discount Rate 7.25%	8.25%
Net Pension Liability (Asset)	\$ 881,017	\$ (1,392,236)	\$ (3,360,344)

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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

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

For the years ended June 30, 2025 and 2024, the Hospital recognized a pension (income) expense of \$(330,991) and \$163,936, respectively. On June 30, 2025 and 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

<b>June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Net Difference Between Projected and Actual Earnings on Pension Plan Investments</b>	<b>\$ -</b>	<b>\$ 322,990</b>
<b>Total</b>	<b>\$ -</b>	<b>\$ 322,990</b>
<hr/>		
<b>June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Net Difference Between Projected and Actual Earnings on Pension Plan Investments</b>	<b>\$ 261,966</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 261,966</b>	<b>\$ -</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2025 will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Amount</b>
2026	687,039
2027	(469,054)
2028	(374,065)
2027	(166,910)

*Payable to the Plan* - There were payables in the amount of \$-0- for years ending June 30, 2025 and 2024.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
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**Notes to Basic Financial Statements**

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**Note 11. Pension Plan (Continued)**

**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, 2025 and 2024, the Hospital made required contributions to the plans of \$390,552 and \$753,309, respectively.

**Note 12. 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).

The mix of net receivables from patients and third-party payors at June 30, 2025 and 2024, was as follows:

	<b>2025</b>	<b>2024</b>
Medicare	<b>42%</b>	35%
Medicaid	<b>6%</b>	11%
Commercial Insurance Companies, Health Maintenance Organizations, and Other	<b>36%</b>	38%
Self-Pay Patients	<b>16%</b>	16%
<b>Total</b>	<b>100%</b>	100%

**HOSPITAL SERVICE DISTRICT NO. 1  
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**Notes to Basic Financial Statements**

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**Note 13. 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, 2022.

**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 66% and 62% of the Hospital's net patient revenue for the years ended June 30, 2025 and 2024, 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.

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

**Notes to Basic Financial Statements**

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**Note 14. Other Operating Revenue**

Other operating revenue recognized during the years ended June 30, 2025 and 2024, consists of the following:

	2025	2024
Collaboration and Cooperative Endeavor		
Agreement Distributions	\$ 57,133,210	\$ 69,350,093
Medicaid Managed Care Quality Incentive Program	1,283,337	1,750,000
340B Program and Retail Pharmacy Revenues	6,803,659	3,101,659
Cafeteria Revenues	717,122	697,400
Other	1,352,740	1,181,385
<b>Total Other Operating Revenues</b>	<b>\$ 67,290,068</b>	<b>\$ 76,080,537</b>

**Note 15. 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.

**Recovery Audit Contractors**

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement Recovery Audit Contractor (RAC) and Medicaid Integrity Contractor (MIC) programs on a permanent and nationwide basis.

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.

**HOSPITAL SERVICE DISTRICT NO. 1  
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**Notes to Basic Financial Statements**

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**Note 15. Commitments and Contingencies (Continued)**

**Approval for Bond Issuance and Facilities Expansion and Renovation Project**

As mentioned in Note 5, in November 2020, the Organization received approval from the United States Department of Agriculture (USDA) for a bond issue (see Note 9) to renovate 37,000 square feet of the hospital and add an 82,000-square-foot, four-story medical tower. 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 was used in December 2022 to retire the existing Series 2013A and 2013B bonds. Construction on this project is progressing. The project is currently slated for completion during calendar year 2027 with expected total costs approximating \$90 million.

**Note 16. 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 17. 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, 2025 and 2024, 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.

During the fiscal year ended June 30, 2025, in accordance with the funding provisions of the these agreements, the Organization recognized \$57,133,210 as other operating revenue, of which approximately \$41,219,561 is included as a receivable in other current assets on the Organization's statement of net position at June 30, 2025. The Organization recognized \$38,081,833 as operating expenses for the intergovernmental transfer (IGT) funds paid or payable to LDH under the terms of the agreements during fiscal year 2025, as income was recognized from the Medicaid supplemental payments, of which approximately \$35,779,424 is included as a payable in accounts payable on the Organization's statement of net position at June 30, 2025.

During the fiscal year ended June 30, 2024, in accordance with the funding provisions of the these agreements, the Organization recognized \$69,350,093 as other operating revenue, of which approximately \$23,677,692 is included as a receivable in other current assets on the Organization's statement of net position at June 30, 2024. The Organization recognized \$46,402,587 as operating expenses for the intergovernmental transfer (IGT) funds paid or payable to LDH under the terms of the agreements during fiscal year 2024, as income was recognized from the Medicaid supplemental payments, of which approximately \$23,019,500 is included as a payable in accounts payable on the Organization's statement of net position at June 30, 2024.

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**Notes to Basic Financial Statements**

**Note 18. 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.

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, 2025. Material inter-entity transactions are eliminated in the presentation below:

	2025				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Current Assets	\$ 70,825,530	\$ 27,523	\$ 228,672	\$ -	\$ 71,081,725
Capital Assets, Net	98,247,098	-	-	-	98,247,098
Other Assets	7,024,516	-	-	-	7,024,516
Deferred Outflows of Resources	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 176,097,144</b>	<b>\$ 27,523</b>	<b>\$ 228,672</b>	<b>\$ -</b>	<b>\$ 176,353,339</b>
Current Liabilities	\$ 47,888,476	\$ 25,370	\$ 473,286	\$ -	\$ 48,387,132
Long-Term Liabilities	67,399,346	-	-	-	67,399,346
Deferred Inflows of Resources	496,243	-	-	-	496,243
Net Position	60,313,079	\$ 2,153	\$ (244,614)	-	60,070,618
<b>Total Liabilities Deferred Inflows of Resources and Net Position</b>	<b>\$ 176,097,144</b>	<b>\$ 27,523</b>	<b>\$ 228,672</b>	<b>\$ -</b>	<b>\$ 176,353,339</b>

	2025				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Operating Revenues	\$ 136,274,514	\$ 55,851	\$ 70,603	\$ -	\$ 136,400,968
Depreciation	7,804,211	-	-	-	7,804,211
Other Operating Expenses	142,439,665	53,902	38,916	-	142,532,483
Operating (Loss) Income	(13,969,362)	1,949	31,687	-	(13,935,726)
Non-Operating (Expense) Revenues	(1,067,010)	-	-	-	(1,067,010)
<b>(Deficiency) Excess of Revenues Over Expenses</b>	<b>(15,036,372)</b>	<b>1,949</b>	<b>31,687</b>	<b>-</b>	<b>(15,002,736)</b>
Change in Net Position	\$ (15,036,372)	\$ 1,949	\$ 31,687	\$ -	\$ (15,002,736)

**HOSPITAL SERVICE DISTRICT NO. 1  
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d/b/a LANE REGIONAL MEDICAL CENTER**

**Notes to Basic Financial Statements**

**Note 18. 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, 2024. Material inter-entity transactions are eliminated in the presentation below:

	2024				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Current Assets	\$ 69,809,219	\$ 27,942	\$ 197,697	\$ -	\$ 70,034,858
Capital Assets, Net	73,035,952	-	-	-	73,035,952
Other Assets	8,014,510	-	-	-	8,014,510
Deferred Outflows of Resources	261,996	-	-	-	261,996
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 151,121,677</b>	<b>\$ 27,942</b>	<b>\$ 197,697</b>	<b>\$ -</b>	<b>\$ 151,347,316</b>
Current Liabilities	\$ 35,591,944	\$ 27,731	\$ 473,996	\$ -	\$ 36,093,671
Long-Term Liabilities	39,920,484	-	-	-	39,920,484
Deferred Inflows of Resources	259,807	-	-	-	259,807
Net Position	75,349,442	\$ 211	\$ (276,299)	-	75,073,354
<b>Total Liabilities Deferred Inflows of Resources and Net Position</b>	<b>\$ 151,121,677</b>	<b>\$ 27,942</b>	<b>\$ 197,697</b>	<b>\$ -</b>	<b>\$ 151,347,316</b>

	2024				
	The Hospital	Lane RMC Service Corp	Lane RMC Foundation	Eliminations	Total
Operating Revenues	\$ 151,214,569	\$ 44,219	\$ 81,768	\$ -	\$ 151,340,556
Depreciation	8,107,087	-	-	-	8,107,087
Other Operating Expenses	148,710,638	43,777	22,336	-	148,776,751
Operating (Loss) Income	(5,603,156)	442	59,432	-	(5,543,282)
Non-Operating Revenues	1,262,904	-	-	-	1,262,904
(Deficiency) Excess of Revenues Over Expenses	(4,340,252)	442	59,432	-	(4,280,378)
Change in Net Position	\$ (4,340,252)	\$ 442	\$ 59,432	\$ -	\$ (4,280,378)

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

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

**Notes to Basic Financial Statements**

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**Note 19. Going Concern Uncertainty**

The Organization has experienced recurring operating losses in recent years and significant negative cash flows from operations in the current year. The Organization's unrestricted net position declined in the current year, and the Organization's liquidity position has been weakening over recent years. In addition, the Organization continues to face declining patient volumes, increased contractual adjustments, and rising costs associated with staffing and medical supplies. These conditions and events raise substantial doubt about the Organization's ability to continue as a going concern.

To address these matters, management has developed and begun implementing a financial recovery plan that includes:

- Establishment of outpatient behavioral health services including tele-psychiatry, mid-level practitioners, and social workers which began in January 2026.
- Increasing inpatient volume through continued improvements to facilities with an anticipated completion of construction in July 2027.
- Evaluating strategic partnerships with regional healthcare providers to expand access to specialty services and stabilize revenue streams.
- Increasing robotic assisted surgeries through Maeko robot assisted orthopedic surgeries that began in October 2025 and applying for Federal Ways and Means Grants and Louisiana State Capital Grant Outlays to assist with the purchase of a DaVinci Robotic Surgical System which could expand services to include cardio thoracic surgeries, as well as improving and expanding current surgical procedure options.
- Recruiting physicians to establish a new urology service line with a potential start date in fiscal year 2027.
- Analysis of current service lines for restructuring opportunities to better align staffing and operating costs with current patient volume.
- Maximizing purchasing opportunities through Health Trust Purchasing Group, thereby lowering equipment and supply cost while optimizing rebates.
- Implementing cost-containment measures, including reductions in non-essential expenditures and renegotiation of vendor contracts.
- Advocacy for commercial payor reform through legislation
- Advocacy for supplemental funding arrangements and intergovernmental transfer agreements.
- Negotiating the extension of current bond anticipatory notes and continue the process of conversion of the bond anticipation notes to the USDA Community Development Loan.

**HOSPITAL SERVICE DISTRICT NO. 1  
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d/b/a LANE REGIONAL MEDICAL CENTER**

**Notes to Basic Financial Statements**

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**Note 19. Going Concern Uncertainty (Continued)**

While management believes these actions will improve the Organization's financial condition, the outcome of these plans is dependent on factors outside the Organization's control, including patient utilization trends, reimbursement levels, and the availability of supplemental funding. Accordingly, substantial doubt about the Organization's ability to continue as a going concern has not been alleviated.

**Note 20. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 30, 2026, and determined that the following event occurred that requires disclosure.

In October 2025, the maturity date of the Bond Anticipation Notes Payable (Series 2022A and Series 2022B) was extended from December 15, 2025 to August 15, 2026.

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 I**

**Schedule of Changes in Net Pension (Asset) Liability and Related Ratios  
June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service Cost	\$ 81,889	\$ 98,726	\$ 87,611	\$ 100,060	\$ 137,091	\$ 205,566	\$ 202,761	\$ 165,715	\$ 177,889	\$ 263,541
Interest	1,772,462	1,780,902	1,790,479	1,770,822	1,799,598	1,735,782	1,675,044	1,658,781	1,646,656	1,877,100
Changes of Benefit Terms	-	-	-	-	-	-	-	-	(3,875,810)	-
Differences Between Expected and Actual Experience	(155,189)	(52,021)	(101,830)	231,736	(147,855)	393,517	(314,945)	(29,615)	(211,157)	(302,117)
Changes of Assumptions	-	-	-	-	-	-	1,082,703	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(1,894,101)	(1,960,251)	(1,858,796)	(1,779,756)	(1,935,028)	(1,428,467)	(1,641,225)	(1,579,972)	(1,233,991)	(877,170)
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>(194,939)</b>	<b>(142,644)</b>	<b>(82,216)</b>	<b>331,862</b>	<b>(416,796)</b>	<b>567,398</b>	<b>1,004,438</b>	<b>220,904</b>	<b>(3,526,443)</b>	<b>961,358</b>
<b>Total Pension Liability - Beginning</b>	<b>25,312,915</b>	<b>25,455,559</b>	<b>25,537,805</b>	<b>25,205,943</b>	<b>25,622,739</b>	<b>24,726,341</b>	<b>23,721,903</b>	<b>23,500,994</b>	<b>27,027,437</b>	<b>26,066,079</b>
<b>Total Pension Liability - Ending <sup>(a)</sup></b>	<b>\$ 25,117,976</b>	<b>\$ 25,312,915</b>	<b>\$ 25,455,559</b>	<b>\$ 25,537,805</b>	<b>\$ 25,205,943</b>	<b>\$ 25,622,739</b>	<b>\$ 24,726,341</b>	<b>\$ 23,721,903</b>	<b>\$ 23,500,994</b>	<b>\$ 27,027,437</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Member	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	-	-	-	-	-	-	-	-	261,111	236,162
Net Investment Income (Loss)	2,634,889	2,775,897	3,195,529	(3,661,140)	6,469,468	1,060,356	1,618,065	1,544,579	2,396,303	(231,606)
Benefit Payments, Including Refund of Employee Contributions	(1,894,101)	(1,960,251)	(1,858,796)	(1,779,756)	(1,935,028)	(1,428,467)	(1,641,225)	(1,579,972)	(1,233,991)	(877,170)
Administrative Expenses	(19,750)	(16,300)	(16,790)	(24,350)	(18,500)	(23,100)	(18,875)	(34,000)	(41,024)	(21,250)
Other	-	-	-	-	-	-	-	-	-	(113,975)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>721,038</b>	<b>799,146</b>	<b>320,073</b>	<b>(5,467,146)</b>	<b>4,515,340</b>	<b>(362,232)</b>	<b>(42,035)</b>	<b>(67,393)</b>	<b>1,372,399</b>	<b>(957,839)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>25,789,174</b>	<b>24,980,028</b>	<b>24,669,955</b>	<b>30,133,101</b>	<b>25,617,761</b>	<b>23,990,993</b>	<b>26,042,028</b>	<b>26,105,421</b>	<b>24,703,022</b>	<b>25,690,861</b>
<b>Plan Fiduciary Net Position - Ending <sup>(b)</sup></b>	<b>\$ 26,510,212</b>	<b>\$ 25,789,174</b>	<b>\$ 24,990,028</b>	<b>\$ 24,669,955</b>	<b>\$ 30,133,101</b>	<b>\$ 25,617,761</b>	<b>\$ 25,990,993</b>	<b>\$ 26,042,028</b>	<b>\$ 26,105,421</b>	<b>\$ 24,733,022</b>
<b>Net Pension Liability (Asset) Ending <sup>(c)(1)</sup></b>	<b>\$ (1,392,236)</b>	<b>\$ (470,259)</b>	<b>\$ 465,531</b>	<b>\$ 867,850</b>	<b>\$ (4,072,158)</b>	<b>\$ 34,973</b>	<b>\$ (1,273,652)</b>	<b>\$ (12,320,125)</b>	<b>\$ (2,604,427)</b>	<b>\$ 2,294,415</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>105.54%</b>	<b>101.86%</b>	<b>98.17%</b>	<b>96.80%</b>	<b>119.55%</b>	<b>99.96%</b>	<b>105.45%</b>	<b>109.73%</b>	<b>111.02%</b>	<b>91.51%</b>
<b>Covered-Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 4,280,358</b>	<b>\$ 4,280,358</b>	<b>\$ 4,542,786</b>
<b>Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-54.20%</b>	<b>-60.85%</b>	<b>50.51%</b>

This schedule is intended to show information for 10 years.

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 II**

**Schedule of Employer Contributions**

**For the Years Ended June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (Determined as of the Prior Fiscal Year)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4,280,358	\$ 4,280,358	\$ 4,542,786	\$ 5,104,694
Contributions as a Percentage of Covered- Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	0.00%	0.00%	0.00%	0.00%

This schedule is intended to show information for 10 years.

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. 67**

**Schedule III**

**Schedule of Investment Returns**

**For the Years Ended June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.58%	11.54%	9.21%	-12.49%	26.12%	4.22%	6.40%	6.09%	9.83%	-0.92%

This schedule is intended to show information for 10 years.

See independent auditor's report.

**HOSPITAL SERVICE DISTRICT NO. 1  
 OF EAST BATON ROUGE PARISH, LOUISIANA  
 d/b/a LANE REGIONAL MEDICAL CENTER  
 Notes to Required Supplementary Information Under  
 GASB Statement No. 67 (Continued)**

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

Valuation Date: June 30, 2025

*Methods and Assumptions*

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:	<u>Attained Age</u>	<u>Rate of Retirement</u>
	55 - 61	7.5%
	62	25%
	63	25%
	64	50%
	65	100%

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
d/b/a LANE REGIONAL MEDICAL CENTER  
Notes to Required Supplementary Information Under  
GASB Statement No. 67 (Continued)**

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*Methods and Assumptions (Continued)*

Actuarial Assumptions (Continued):

Termination Rates:	<u>Attained Age</u>	<u>Rate of Retirement</u>
	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.

The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2021 and a base year of 2010. We feel these assumptions sufficiently accommodate anticipated future mortality improvements.

## **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, 2025**

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**Agency Head**

Lawrence R. Meese, Chief Executive Officer, 07/01/2024 – 01/16/2025

Frank Corcoran, Chief Executive Officer, 01/13/2025 – 06/30/2025

<b>Purpose</b>	<b>Amount</b>
Salary	\$478,492
Benefits - Insurance	\$0
Benefits - Retirement	\$2,499
Benefits - Other	\$3,295
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,218
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Reloaction Payment	\$40,260
Unvouchered Expenses	\$0
Special Meals	\$0
Incentive Payments	\$0

See independent auditor's report.

**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 Year Ended June 30, 2025**

Thomas Scott, Jr.	\$	225
Donna Kline		200
Reagan Elkins		225
Darnell Waites		200
Deborah Brian		200
David Bowman		150
Nakeisha Cleveland		100
Myiesha Beard		175
Benjamin Cavin		<u>150</u>
<b>Total</b>	<b>\$</b>	<b><u><u>1,625</u></u></b>



**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, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 30, 2026.

**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.

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, therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2025-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2025-002 and 2025-003 to be significant deficiencies.

### **Compliance and Other Matters**

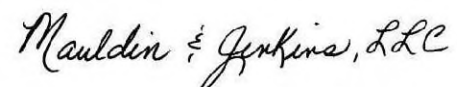
As part of obtaining reasonable assurance about whether the Organization's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-004.

### **Organization's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Baton Rouge, LA  
March 30, 2026



**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**

**Opinion on 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 identified as subject to audit in the *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, 2025. 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.

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, 2025.

**Basis for Opinion on Each Major Federal Program**

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the Organization's federal programs.

### **Auditor's Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-005. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Baton Rouge, LA  
March 30, 2026

**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, 2025**

<b>Grantor/Program Title/ Pass-Through Grantor's Number</b>	<b>Assistance Listing Number</b>	<b>Contract Period</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Community Facilities Loans and Grants (Loan)	10 766	12/15/2022-8/15/2026	<u>\$ 66,310,017</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 66,310,017</u></u>

**HOSPITAL SERVICE DISTRICT NO. 1  
 OF EAST BATON ROUGE PARISH, LOUISIANA  
 d/b/a LANE REGIONAL MEDICAL CENTER  
 Notes to Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2025**

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**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. Loans**

The balance of loans outstanding at June 30, 2025 included in the federal expenditures presented in the Schedule consists of:

<b>Federal Financial Assistance Listing</b>	<b>Program/Cluster Name</b>	<b>Outstanding Balance</b>
10.766	U.S. Department of Agriculture - Community Facilities Loans and Grants	<u>\$ 66,310,017</u>

**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, 2025**

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**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?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

**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?	Yes

**Identification of Major Programs:**

10.766 Community Facilities Loans and Grants (Loan)

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  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2025-001      Timeliness of General Ledger Account and Subsidiary Reconciliations**

**Condition:**                      During our audit, we noted that in some instances the Organization lacked timely account and subsidiary reconciliations for the period under audit.

**Criteria:**                         The functioning of established processes, controls, and monitoring, including the timely preparation of account reconciliations to help ensure accurate and up to date financial reporting.

**Cause:**                             The Organization's policies and procedures over the reconciliation of their general ledger and subsidiary ledgers are not adequate to properly reconcile differences as they occur leading to large unreconciled differences at year end.

**Effect:**                             As a result, certain general ledger and account reconciliations were not performed in a timely manner, and a series of audit adjustments were required to the financial statements.

**Recommendation:**            We recommend that the Organization develop and implement a robust system of procedures and internal controls to ensure that accounts are reconciled timely at each month end. This plan should include provisions for maintaining critical financial processes to minimize the chance of potential misstatements.

**Views of Responsible Officials and Planned Corrective Actions:**                      The Medical Center concurs with the recommendation, and notes that accounting department turnover limited resources during the year. As vacant roles have been filled, we do not anticipate a recurrence of this condition. We are now in the process of evaluating and revising our existing reconciliation processes necessary to be consistent with available staffing resources.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
d/b/a LANE REGIONAL MEDICAL CENTER  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2025-002 Under Accrual of Accounts Payable and Expenses**

**Condition:** During our audit, we noted a substantial amount of cash disbursements occurring subsequent to year end were not properly accrued resulting in an understatement of accounts payable and the associated expenses.

**Criteria:** The functioning of established processes, controls, and monitoring, including the timely review of subsequent transactions for potential accrual to help ensure accurate and up to date financial reporting.

**Cause:** The Organization's review of subsequent disbursements did not occur in a manner that allowed them to accurately record subsequent transactions that should have been accrued in the current fiscal year.

**Effect:** As a result, accounts payable and various expense accounts were understated resulting in a required audit adjustment to properly capture these amounts.

**Recommendation:** We recommend that the Organization develop and implement a full review of all disbursements occurring between year end and the start of audit fieldwork to ensure that all necessary expense transactions are captured and accrued in the proper fiscal year.

**Views of Responsible Officials and Planned Corrective Actions:** The Organization concurs with the recommendation, and notes that accounting department turnover limited resources during the year. As vacant roles have been filled, we do not anticipate a recurrence of this condition. We are now in the process of evaluating and revising our existing reconciliation processes necessary to be consistent with available staffing resources.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
d/b/a LANE REGIONAL MEDICAL CENTER  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2025-003      Lack of Depreciation on Certain Capital Assets**

**Condition:**                      During our audit, we noted a portion of capital assets included within a capital asset clearing account that were not included in the calculation of depreciation for the current fiscal year.

**Criteria:**                        Capital assets placed into service should be depreciated over the associated useful life.

**Cause:**                            The Organization did not input certain capital assets included within the capital asset clearing account that were placed into service into the capital asset system for depreciation calculation.

**Effect:**                            Depreciation was not calculated on certain capital assets placed into service as required resulting in a misstatement in the financial statements.

**Recommendation:**          We recommend that the Organization develop policies and procedures to review the capital asset clearing account on a monthly basis to ensure that all capital assets placed into service are included in depreciation calculations.

**Views of Responsible Officials and Planned Corrective Actions:**                      The Organization concurs with the recommendation, and notes that accounting department turnover limited resources during the year. As vacant roles have been filled, we do not anticipate a recurrence of this condition. We are now in the process of evaluating and revising our existing reconciliation processes necessary to be consistent with available staffing resources.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
d/b/a LANE REGIONAL MEDICAL CENTER  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

**2025-004      Noncompliance – Late Filing Finding**

- Condition:**            The Organization did not complete and submit the audit to the Louisiana Legislative Auditor and the Federal Audit Clearinghouse within the required time period.
- Criteria:**            Per Louisiana Revised Statute 24:513A(5)(a)(i), the Organization is required to complete and submit an audit to the Louisiana Legislative Auditor "within six months of the close of the local auditee's or vendor's fiscal year." Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires the submission of a completed Form SF-SAC, along with one complete reporting package, to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.
- Cause:**                The Organization did not implement appropriate controls and processes to ensure that the audit was submitted within the required time period.
- Effect:**                As a result, the Organization was not in compliance with state law and the Uniform Guidance.
- Recommendation:**   We recommend that the Organization implement controls and processes to ensure all required reports are submitted timely.
- Views of Responsible Officials and Planned Corrective Actions:**            The Organization concurs with the recommendation, and notes that accounting department turnover limited resources during the year. As vacant roles have been filled, we do not anticipate a recurrence of this condition. We are now in the process of evaluating and revising our existing reconciliation processes necessary to be consistent with available staffing resources.

**HOSPITAL SERVICE DISTRICT NO. 1  
OF EAST BATON ROUGE PARISH, LOUISIANA  
d/b/a LANE REGIONAL MEDICAL CENTER  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2025**

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**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**2025-005: Reporting – Late Submission of Single Audit Reporting Package**

**Federal Agency:** All Federal Agencies

**Compliance Requirement:** Reporting

**Type of Finding:** Material Noncompliance

As discussed in Finding 2025-004 above, the Organization did not complete and submit the audit to the Federal Audit Clearinghouse within the required time period per the Uniform Guidance. There are no associated questioned costs related to this finding. Procedures should be implemented to ensure all required reports are submitted timely.

**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, 2025**

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**Findings Related to the Financial Statements**

**Reference Number:** 2024-001

**Condition:** During our audit, we noted that in some instances the Organization lacked timely account and subsidiary reconciliations for the period under audit.

**Status:** Unresolved. See 2025-001.



## AGREED-UPON PROCEDURES REPORT

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

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

For the Period July 1, 2024 - June 30, 2025

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

We have performed the procedures enumerated below on the Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana d/b/a Lane Regional Medical Center's (the Organization) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2024 through June 30, 2025. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

### **1) *Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** Exception noted for the following procedures:

- i) Policy does not address the process for amending the budget when necessary.
- v) Policy does not address the approval process for employee(s) rate of pay or time and attendance.
- x) Policy does not address the debt reserve and debt service requirements.
- xi) Policy does not address the use of antivirus software on systems or the application of system and software updates.
- xii) Policy does not include information relating to employee training or annual reporting.

## **2) Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results:** We obtained management's representation that the listing provided is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** Exception noted. We noted that finance charges and late charges were assessed on one selected statement.

- C. Using the monthly statements or combined statements selected under #2B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** Exception noted. We noted that fifteen selected transactions did not contain documentation of the business/public purpose.

## **3) Sexual Harassment**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials and obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

**Results:** No exceptions were found as a result of this procedure.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Results:** No exceptions were found as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Results:** No exceptions were found as a result of this procedure.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Mauldin & Jenkins, LLC*

Baton Rouge, LA  
March 30, 2026



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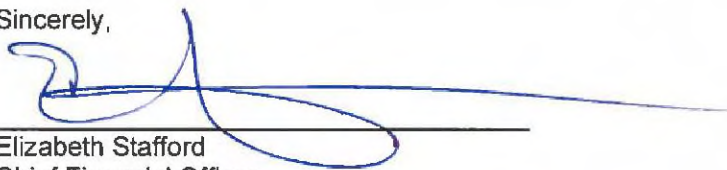
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RE: SAUP Agreed-Upon Procedures

The management of Hospital Service District No. 1 of East Baton Rouge Parish, Louisiana wishes to provide the following responses relative to the results of the June 30, 2025 statewide agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, the Medical Center will review and amend its written policies and procedures for the exceptions noted in items i) v) x) xi) and xii).
- 2) In relation to the exception noted in item 2B. where finance charges and late charges were noted on the March credit card statement, we believe this is an isolated incidence involving a small amount of finance charges. Our existing policy is to pay the statement balance in full each month once all documentation and approvals have been maintained and assembled.
- 3) In response to item 2C we note that we have existing policies in place requiring the documentation of business purpose for credit card purchases and will continue to emphasize the need that documentation must be maintained.

Sincerely,



Elizabeth Stafford  
Chief Financial Officer