

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Annual Financial Statements

December 31, 2020



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Independent Auditor's Report

To the Board of Supervisors of
Lakeshore Villages Master Community Development District
Slidell, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Lakeshore Villages Master Community Development District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the District as of December 31, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 compensation, benefits, and other payments to agency head is 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 September 14, 2021, on our consideration of Lakeshore Villages Master Community Development District'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 District'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 District's internal control over financial reporting and compliance.

The logo for LaPorte is a stylized, cursive script of the name "LaPorte". The letters are fluid and interconnected, with a prominent loop on the 'L' and a long, sweeping tail on the 'e'.

A Professional Accounting Corporation

Covington, LA
September 14, 2021

LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

Our discussion and analysis of Lakeshore Villages Master Community Development District, St. Tammany Parish, Louisiana (the District) provides a narrative overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes to the basic financial statements, and supplementary information.

FINANCIAL HIGHLIGHTS

The assets plus deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$61,566,169.

The District's total net position decreased \$729,426 in the current fiscal year. The key components of the District's net position and change in net position are reflected in the tables in the government-wide financial analysis section.

At December 31, 2020, the District's governmental funds reported combined ending fund balances of \$1,093,499, an increase of \$51,895 in comparison with the prior fiscal year. The total fund balance is non-spendable for prepaid items and deposits, restricted for debt service and construction, and the remainder is assigned to subsequent year's expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT

Management's Discussion and Analysis

The government-wide financial statements include all governmental activities that are principally supported by assessments. The District does not have any business-type activities. The governmental activities of the District include community development and general government functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, each of which are considered major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	2020	2019	\$ Change
Assets			
Current and Other Assets	\$ 18,871,782	\$ 18,984,452	\$ (112,670)
Capital Assets, Net of Depreciation	77,160,295	78,260,801	(1,100,506)
Total Assets	\$ 96,032,077	\$ 97,245,253	\$ (1,213,176)
Liabilities			
Current Liabilities	\$ 67,265	\$ 143,176	\$ (75,911)
Long-Term Liabilities	16,630,092	16,948,310	(318,218)
Total Liabilities	16,697,357	17,091,486	(394,129)
Deferred Inflows of Resources	17,768,551	17,858,172	(89,621)
Net Position			
Net Investment in Capital Assets	60,479,778	61,255,741	(775,963)
Restricted	1,042,681	1,039,854	2,827
Unrestricted	43,710	-	43,710
Total Net Position	61,566,169	62,295,595	(729,426)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 96,032,077	\$ 97,245,253	\$ (1,213,176)

The District's net position reflects its investment in capital assets (e.g., land, land improvements, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Management's Discussion and Analysis

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the cost of operations and depreciation expense exceeded ongoing program revenues.

Key elements of the change in net position are reflected in the following table:

	2020	2019	\$ Change
Revenues			
Program Revenues			
Charges for Services	\$ 1,920,772	\$ 635,217	\$ 1,285,555
General Revenues			
Other	5,038	20,370	(15,332)
Total Revenues	1,925,810	655,587	1,270,223
Expenses			
Community Development	1,958,221	1,954,533	3,688
Interest	697,015	146,082	550,933
Total Expenses	2,655,236	2,100,615	554,621
Change in Net Position	(729,426)	(1,445,028)	715,602
Net Position, Beginning of the Year	62,295,595	63,740,623	(1,445,028)
Net Position, End of the Year	\$ 61,566,169	\$ 62,295,595	\$ (729,426)

As noted above and in the statement of activities, the cost of all governmental activities for the fiscal year ended December 31, 2020 was \$2,655,236. The costs of the District's activities were funded primarily by program revenues. Program revenues, comprised primarily of assessments, increased during the fiscal year as a result of an increase in assessments levied for debt services and to fund operations. In total, expenses increased slightly from the prior fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures exceeded appropriations by \$314,832 for the fiscal year ended December 31, 2020.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the District had \$87,423,894 invested in capital assets with a book value of \$77,160,295. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At December 31, 2020, the District had \$16,680,000 in bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

It is anticipated that the general operations of the District will increase in fiscal year 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, landowners, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Lakeshore Villages Master Community Development District Finance Department at 12750 Citrus Park Lane, Suite 115, Tampa, Florida 33625.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Statement of Net Position
December 31, 2020**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 61,209
Restricted Cash and Cash Equivalents	1,027,990
Special Assessment Receivable	17,768,551
Other Assets	14,032
Capital Assets - Infrastructure, Net	<u>77,160,295</u>
Total Assets	<u>96,032,077</u>
Liabilities	
Accounts Payable	9,732
Accrued Interest	57,533
Bonds Payable	
Due Within One Year	335,000
Due in More than One Year	<u>16,295,092</u>
Total Liabilities	<u>16,697,357</u>
Deferred Inflows	
Deferred Special Assessment	<u>17,768,551</u>
Net Position	
Net Investment in Capital Assets	60,479,778
Restricted	1,042,681
Unrestricted	<u>43,710</u>
Total Net Position	<u><u>\$ 61,566,169</u></u>

The accompanying notes are an integral part of these financial statements.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Statement of Activities
For the Year Ended December 31, 2020**

Functional Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Community Development	\$ 1,958,221	\$ 1,920,772	\$ -	\$ -	\$ (37,449)
Interest on Long-Term Debt	697,015	-	-	-	(697,015)
Total	\$ 2,655,236	\$ 1,920,772	\$ -	\$ -	(734,464)
General Revenues					
Interest Income					5,038
Total General Revenues					5,038
Change in Net Position					(729,426)
Net Position, Beginning of Year					62,295,595
Net Position, End of Year					\$ 61,566,169

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Balance Sheet
Governmental Funds
December 31, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 61,209	\$ 1,020,902	\$ 7,088	\$ 1,089,199
Special Assessment Receivable	321,406	17,447,145	-	17,768,551
Due From Other Funds	-	21,779	-	21,779
Other Assets	14,032	-	-	14,032
Total Assets	\$ 396,647	\$ 18,489,826	\$ 7,088	\$ 18,893,561
Liabilities				
Accounts Payable	\$ 9,732	\$ -	\$ -	\$ 9,732
Due to Other Funds	21,779	-	-	21,779
Total Liabilities	31,511	-	-	31,511
Deferred Inflows of Resources				
Deferred Special Assessment	321,406	17,447,145	-	17,768,551
Total Deferred Inflows of Resources	321,406	17,447,145	-	17,768,551
Fund Balances				
Nonspendable	14,032	-	-	14,032
Restricted	-	1,042,681	7,088	1,049,769
Assigned	29,698	-	-	29,698
Total Fund Balances	43,730	1,042,681	7,088	1,093,499
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 396,647	\$ 18,489,826	\$ 7,088	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	77,160,295
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(16,630,092)
Accrued interest expense is not reported in the governmental funds.	(57,533)
Net Position of Governmental Activities	\$ 61,566,169

The accompanying notes are an integral part of these financial statements.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Special Assessment - Operations	\$ 460,604	\$ -	\$ -	\$ 460,604
Special Assessment - Debt Service	-	1,102,012	-	1,102,012
Developer Contribution	358,156	-	-	358,156
Interest Income	26	4,999	13	5,038
Total Revenues	818,786	1,107,011	13	1,925,810
Expenditures				
Community Development				
Field Operations	658,493	-	-	658,493
General and Administrative	116,563	82,659	-	199,222
Debt Service - Principal	-	320,000	-	320,000
Debt Service - Interest	-	696,200	-	696,200
Total Expenditures	775,056	1,098,859	-	1,873,915
Excess (Deficiency) of Revenues Over Expenditures	43,730	8,152	13	51,895
Other Financing Sources (Uses)				
Transfer In	-	13	5,338	5,351
Transfer Out	-	(5,338)	(13)	(5,351)
Total Other Financing Sources (Uses)	-	(5,325)	5,325	-
Net Change in Fund Balances	43,730	2,827	5,338	51,895
Fund Balances, Beginning of Year	-	1,039,854	1,750	1,041,604
Fund Balances, End of Year	\$ 43,730	\$ 1,042,681	\$ 7,088	\$ 1,093,499

The accompanying notes are an integral part of these financial statements.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020**

Net Change in Fund Balances - Total Governmental Fund	\$	51,895
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(1,100,506)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		320,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(815)</u>
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Change in Net Position of Governmental Activities	\$	<u>(729,426)</u>
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The accompanying notes are an integral part of these financial statements.

LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Organization

The general purpose of Lakeshore Villages Master Community Development District (the District) is to finance and manage, through the levy and collection of special assessments, basic community development services, including and without limitation, water management and control; water supply, sewer and wastewater management reclamation and reuse; bridges or culverts; roads and street lights; and, with the consent of St. Tammany Parish, parks and facilities for indoor and outdoor recreational, cultural, and educational uses; fire prevention and control; school buildings and related structures; security; pest control and other public health nuisances; waste collection and disposal; and certain revenue producing utilities.

The Reporting Entity

Lakeshore Villages Master Community Development District was established on January 19, 2007 by Ordinance Parish Council Series No. 07-1497 adopted by the Parish Council of the Parish of St. Tammany (the Parish), State of Louisiana on January 4, 2007, as corrected by resolution of the Parish Council adopted on January 24, 2007. A Notice of Establishment of the District was duly recorded in the mortgage records of the Parish on February 7, 2007, which was within 30 days after the effective date of the District Ordinance. The District is a special district governed by a Board of Supervisors consisting of five members.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Provisions of Governmental Accounting Standards Board (GASB) Statements establish criteria for determining which component units should be considered part of the District. The basic criterion for including a potential component unit with the reporting entity is financial accountability. Using these criteria, the District has no component units.

Basic Financial Statements - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Basic Financial Statements - Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The General Fund, the main operating fund of the District, is used to account for all financial resources of the District except for those required to be accounted for in another fund. The Debt Service Fund accounts for the accumulation of resources for the payment of general long-term debt principal and interest. The Capital Projects Fund accounts for the proceeds of the 2019 Special Assessment Revenue Bonds which were used for the purchase of constructed infrastructure.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, including service-type special assessments, 2) operating grants and contributions, and 3) capital grants and contributions, including capital improvement-type special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and other miscellaneous revenues.

Budget and Budgetary Accounting

The District adopts an annual budget for the General Fund. The budget is legally adopted and amended as necessary by the District. All budget amounts which are not expended or obligated lapse at year-end. Actual general fund expenditures exceeded appropriations by \$314,832 for the fiscal year ended December 31, 2020.

Cash and Cash Equivalents

The District's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash and cash equivalents represent amounts restricted according to applicable bond and debt agreements.

The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State law provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposit insured by federal deposit insurance.

Special Assessments

Special assessments are amounts assessed to property owners for services or capital improvements that are intended to directly benefit the property owners rather than the citizenry as a whole. Special assessments may be of the service (operating) type or the capital improvement type.

Service

In the government-wide financial statements, service-type special assessment revenues (and related receivables) are reported when the service is provided, regardless of when the service is billed or collected.

Service-type special assessment revenue is recognized in governmental funds in the period in which the service is provided (the exchange has occurred) if the amount will be collected within the availability period. Service-type special assessment receivables are recognized when the service is provided, with a deferred inflow of resources recorded to the extent that related revenues are not available.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Special Assessments (Continued)

Capital Improvement

Capital improvement-type special assessments improve or add to infrastructure related to specific properties, and thus directly benefit the property owners.

In the government-wide financial statements, capital improvement-type special assessment receivables are reported at the time of the special assessment levy. Revenue is recognized when the assessment is collected.

Capital improvement-type special assessment revenue is recognized in the governmental funds when the District has an enforceable legal claim against the property owners (the levy date) and the revenues are measurable and available. Deferred inflows of resources are reported for the portion that is not available.

Receivables

All receivables are reported net of uncollectible amounts. At December 31, 2020, the District estimates that all receivables are fully collectible and has recorded no allowance for uncollectible accounts.

Capital Assets

Capital assets, which include infrastructure (e.g., roads, levees, and similar items), are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they are purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes assets in excess of \$5,000. Capital assets are included on the statement of net position, net of accumulated depreciation. Depreciation on infrastructure is computed using the straight-line method over useful lives ranging from 25 to 40 years.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-Term Debt (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other financing uses.

Use of 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, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Board of Supervisors

For the year ended December 31, 2020, the members of the Board of Supervisors received no compensation or per diem.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows of resources. Net position should be displayed in three components:

- *Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement of those assets.
- *Restricted* - Distinguishes between major categories of restrictions and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Balance

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Fund balance is reported in five components, as follows:

- *Non-Spendable* - Consists of amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- *Restricted* - Consists of amounts with constraints either by third parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* - Consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District's Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- *Assigned* - Consists of amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed.
- *Unassigned* - Consists of amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned).

Note 2. Cash and Cash Equivalents

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law, as described in Note 1. At December 31, 2020, the District's demand deposits bank balance of \$86,856 was entirely secured by federal deposit insurance. The District's cash equivalents of \$1,027,990 consist of money market funds holding U.S. Treasury and government agency securities.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 3. Special Assessments

All special assessments in general shall be due and collected during each year that parish taxes are due and are scheduled to be collected and enforced by the Tax Collector in St. Tammany Parish. The annual installment and levy are to be evidenced to and certified to by the Tax Assessor, and the special assessment is to be entered by the Tax Assessor on the Parish tax rolls, and is scheduled to be collected and enforced by the Tax Collector in the same manner and at the same time as parish taxes, and the proceeds thereof shall be paid to the District.

The taxes are due and payable by December 31st of each year and become delinquent thereafter. The Special Assessments constitute a lien on the property against which it is assessed until paid and are enforceable in like manner as parish taxes.

In 2019, the District approved the levy of a capital improvement-type special assessment on the property owners of the District in the amount of \$17,000,000 in order to secure the \$17,000,000 Series 2019 Special Assessment Revenue Bonds issued that same year. See Note 5 for more details on the bonds.

On August 8, 2019, the District approved the levy of a service-type special assessment on the property owners of the District intended to fund the operations for the fiscal year ended December 31, 2020. The District's 2020 budget totaled \$460,224. The total assessment to the lot owners was \$76,168 with the remaining balance of \$384,056 plus collection fees to be paid by the developer in 2020.

On August 10, 2020, the District approved the levy of a service-type special assessment on the property owners of the District intended to fund the operations for the fiscal year ending December 31, 2021. The District's 2021 budget totaled \$717,514. The total assessment to the lot owners was \$321,406 with the remaining balance of \$396,108 plus collection fees to be paid by the developer in 2021.

The District's special assessments receivable as of December 31, 2020 are as follows:

	General Fund	Debt Service Fund	Total
Current			
Service-Type Special Assessment	\$ 321,406	\$ -	\$ 321,406
Capital Improvement Special Assessment	-	1,102,145	1,102,145
	<u>321,406</u>	<u>1,102,145</u>	<u>1,423,551</u>
Noncurrent			
Capital Improvement Special Assessment	-	16,345,000	16,345,000
	<u>-</u>	<u>16,345,000</u>	<u>16,345,000</u>
Total Special Assessment	<u>\$ 321,406</u>	<u>\$ 17,447,145</u>	<u>\$ 17,768,551</u>

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 4. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Levees	\$ 36,000,000	\$ -	\$ -	\$ 36,000,000
Levee Canals	7,000,000	-	-	7,000,000
Interior Canals	3,900,000	-	-	3,900,000
Retention Ponds	612,000	-	-	612,000
Total Capital Assets Not Being Depreciated	47,512,000	-	-	47,512,000
Capital Assets Being Depreciated				
Roads, Streets, and Drainage	30,386,894	-	-	30,386,894
Utility Plants and Pumps	3,500,000	-	-	3,500,000
Landscape and Design	6,025,000	-	-	6,025,000
Total Capital Assets Being Depreciated	39,911,894	-	-	39,911,894
Less Accumulated Depreciation for:				
Roads, Streets, and Drainage	(4,840,674)	(759,673)	-	(5,600,347)
Utility Plants and Pumps	(1,773,333)	(140,000)	-	(1,913,333)
Landscape and Design	(2,549,086)	(200,833)	-	(2,749,919)
Total Accumulated Depreciation	(9,163,093)	(1,100,506)	-	(10,263,599)
Total Capital Assets Being Depreciated, Net	30,748,801	(1,100,506)	-	29,648,295
Capital Assets, Net	\$ 78,260,801	\$ (1,100,506)	\$ -	\$ 77,160,295

Depreciation expense for the year ended December 31, 2020 amounted to \$1,100,506.

Note 5. Long-Term Debt

On October 17, 2019, the District issued \$17,000,000 in Special Assessment Revenue Bonds. The bonds are due in annual principal and interest installments payable through 2048. The bonds have interest rates ranging from 3.625% to 4.375%. The bonds are secured by the revenues received by the District from the capital improvement-type special assessment. Proceeds from the bonds were used to acquire infrastructure from the developer, pay the cost of issuance, make a deposit into the debt service reserve account, and pay a portion of the interest due in 2019.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 5. Long-Term Debt (Continued)

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2020:

	Special Assessment Revenue Bonds
Payable at January 1, 2020	\$ 17,000,000
Issued	-
Retired	<u>(320,000)</u>
Payable at December 31, 2020	16,680,000
Less: Bond Discount, Net	(49,908)
Payable at December 31, 2020	<u>\$ 16,630,092</u>
Due Within One Year	<u>\$ 335,000</u>

The annual requirements to maturity as of December 31, 2020 are as follows:

Year Ending December 31,	Special Assessment Revenue Bonds	
	Principal	Interest
2021	\$ 335,000	\$ 684,328
2022	345,000	672,003
2023	360,000	659,225
2024	370,000	645,994
2025	385,000	632,069
2026 - 2030	2,155,000	2,928,219
2031 - 2035	2,630,000	2,457,631
2036 - 2040	3,230,000	1,854,506
2041 - 2045	4,010,000	1,079,531
2046 - 2048	<u>2,860,000</u>	<u>191,406</u>
Total	<u>\$ 16,680,000</u>	<u>\$ 11,804,912</u>

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT**

Notes to Financial Statements

Note 6. Developer Contribution

For the year ended December 31, 2020, the developer contributed \$358,156 in funds for expenses incurred by the District.

Note 7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2020, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past two fiscal years.

Note 8. Subsequent Events

Subsequent to year end, the coronavirus outbreak and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economy, including the geographical area in which the District operates. The District continues to monitor and evaluate the impact on the financial statements. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions.

In June 2021, the District issued \$16.75 million of Special Assessment Revenue Bonds, Series 2021. The source of payment of the bonds will be revenues derived from a special assessment on the parcels of land within the District.

On August 29, 2021, Louisiana was hit by Hurricane Ida which caused widespread damage and power outages to the area in and around the District. Recovery and assessment of the impact to the District is currently being evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2020**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Special Assessments - Operations	\$ 460,224	\$ 460,224	\$ 460,604	\$ 380
Developer Contribution	-	-	358,156	358,156
Interest Income	-	-	26	26
Total Revenues	<u>460,224</u>	<u>460,224</u>	<u>818,786</u>	<u>358,562</u>
Expenditures				
Community Development				
Field Operations	372,778	372,778	658,493	(285,715)
General and Administrative	87,446	87,446	116,563	(29,117)
Total Expenditures	<u>460,224</u>	<u>460,224</u>	<u>775,056</u>	<u>(314,832)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>43,730</u>	<u>43,730</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>43,730</u>	<u>\$ 43,730</u>
Fund Balance, Beginning of Year			<u>-</u>	
Fund Balance, End of Year			<u>\$ 43,730</u>	

See independent auditor report.

OTHER SUPPLEMENTARY INFORMATION

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2020**

Agency Head
G. Adam Kurz, Chairman

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Supervisors of
Lakeshore Villages Master Community Development District
Slidell, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of Lakeshore Villages Master Community Development District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 responses as items 2020-001 and 2020-002.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District'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 Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
September 14, 2021

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Schedule of Findings and Responses
For the Year Ended December 31, 2020**

Part I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- a. Material weaknesses identified? No
- b. Significant deficiencies identified? None reported

Noncompliance material to the financial statements noted? No

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

2020-001 Local Government Budget Act

Criteria: Louisiana Revised Statute (R.S.) 39:1311.

Condition: The District did not amend its 2020 General Fund budget to reflect the overage in actual to budget expenditures of greater than 5%.

Cause: Oversight due to additional expenses incurred during the year.

Effect: Noncompliance with R.S. 39:1311.

Recommendation: Gain an understanding of the local government budget act requirements.

Management's Response: The District will monitor the budget to actual and amend future budgets as necessary.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2020**

2020-002 Continuing Disclosure

Criteria: Louisiana Revised Statute (R.S.) 39:1438.

Condition: The District did not timely file the continuing disclosure requirements.

Cause: Oversight due to delay in obtaining audited financial statements.

Effect: Noncompliance with R.S. 39:1438.

Recommendation: Gain an understanding of the disclosure requirements.

Management's Response: The District has satisfied the prior year requirements and will complete the current year filing upon issuance of the 2020 audited financial statements.

**LAKESHORE VILLAGES MASTER
COMMUNITY DEVELOPMENT DISTRICT
Schedule of Prior Year Findings
For the Year Ended December 31, 2020**

2019-001 Louisiana Audit Law

Condition: The District did not timely report as required by state law.

Status: This finding has been resolved.