

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

Annual Financial Statements

December 31, 2019



## Contents

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<b>Independent Auditor's Report</b>	1 - 3
<hr/>	
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Governmental Funds	
Balance Sheet	8
Statement of Revenues, Expenditures, and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11 - 20
<hr/>	
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual - General Fund	22
<hr/>	
<b>Other Supplementary Information</b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	24
<hr/>	
<b>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 <i>Government Auditing Standards</i></b>	25 - 26
<hr/>	
<b>Schedule of Findings and Responses</b>	27
<hr/>	
<b>Schedule of Prior Year Findings</b>	28

## 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 the Lakeshore Villages Master Community Development District (the District), as of and for the year ended December 31, 2019, 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, 2019, 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*

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 (GASB), 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 opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, 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 May 12, 2021, on our consideration of the 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
May 12, 2021

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

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT  
Statement of Net Position  
December 31, 2019**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 14,220
Restricted Cash and Cash Equivalents	1,041,604
Accounts Receivable	59,991
Special Assessment Receivable	17,858,172
Other Assets	10,465
Capital Assets - Infrastructure, Net	<u>78,260,801</u>
<b>Total Assets</b>	<u>97,245,253</u>
<b>Liabilities</b>	
Accounts Payable	74,857
Accrued Expenses	2,117
Accrued Interest	58,500
Unearned Revenue	7,702
Bonds Payable	
Due Within One Year	320,000
Due in More than One Year	<u>16,628,310</u>
<b>Total Liabilities</b>	<u>17,091,486</u>
<b>Deferred Inflows</b>	
Deferred Special Assessment	<u>17,858,172</u>
<b>Net Position</b>	
Net Investment in Capital Assets	61,255,741
Restricted	1,039,854
Unrestricted	<u>-</u>
<b>Total Net Position</b>	<u>\$ 62,295,595</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, 2019**

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	\$ 1,954,533	\$ 635,217	\$ -	\$ -	\$ (1,319,316)
Interest on Long-Term Debt	146,082	-	-	-	(146,082)
<b>Total</b>	<b>\$ 2,100,615</b>	<b>\$ 635,217</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,465,398)</b>
<b>General Revenues</b>					
Interest Income					20,370
<b>Total General Revenues</b>					<b>20,370</b>
<b>Change in Net Position</b>					<b>(1,445,028)</b>
<b>Net Position, Beginning of Year</b>					<b>63,740,623</b>
<b>Net Position, End of Year</b>					<b>\$ 62,295,595</b>

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, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 14,220	\$ 1,039,854	\$ 1,750	\$ 1,055,824
Special Assessment Receivable	76,168	17,782,004	-	17,858,172
Accounts Receivable	59,991	-	-	59,991
Other Assets	10,465	-	-	10,465
<b>Total Assets</b>	<b>\$ 160,844</b>	<b>\$ 18,821,858</b>	<b>\$ 1,750</b>	<b>\$ 18,984,452</b>
<b>Liabilities</b>				
Accounts Payable	\$ 74,857	\$ -	\$ -	\$ 74,857
Accrued Expenses	2,117	-	-	2,117
Unearned Revenue	7,702	-	-	7,702
<b>Total Liabilities</b>	<b>84,676</b>	<b>-</b>	<b>-</b>	<b>84,676</b>
<b>Deferred Inflows</b>				
Deferred Special Assessment	76,168	17,782,004	-	17,858,172
<b>Total Deferred Inflows</b>	<b>76,168</b>	<b>17,782,004</b>	<b>-</b>	<b>17,858,172</b>
<b>Fund Balances</b>				
Unassigned	-	-	-	-
Restricted	-	1,039,854	1,750	1,041,604
<b>Total Fund Balances</b>	<b>-</b>	<b>1,039,854</b>	<b>1,750</b>	<b>1,041,604</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 160,844</b>	<b>\$ 18,821,858</b>	<b>\$ 1,750</b>	

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 funds.	78,260,801
Long-term liabilities, including bonds, are not due and payable in the current period and; therefore, are not reported in the funds.	(16,948,310)
Accrued interest expense is not reported in the governmental funds.	(58,500)
<b>Net Position of Governmental Activities</b>	<b>\$ 62,295,595</b>

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, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Special Assessment - Operations	\$ 386,691	\$ -	\$ -	386,691
Developer Contribution	248,526	-	-	248,526
Interest Income	-	1,840	18,530	20,370
<b>Total Revenues</b>	<b>635,217</b>	<b>1,840</b>	<b>18,530</b>	<b>655,587</b>
<b>Expenditures</b>				
<b>Community Development</b>				
Field Operations	399,104	-	-	399,104
General and Administrative	236,113	-	-	236,113
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>15,301,894</b>	<b>15,301,894</b>
<b>Debt Service - Interest</b>	<b>-</b>	<b>85,800</b>	<b>-</b>	<b>85,800</b>
<b>Total Expenditures</b>	<b>635,217</b>	<b>85,800</b>	<b>15,301,894</b>	<b>16,022,911</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(83,960)</b>	<b>(15,283,364)</b>	<b>(15,367,324)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Bond Issuance	-	1,105,284	15,894,716	17,000,000
Bond Issuance Costs	-	-	(537,600)	(537,600)
Discount on Bond Issuance	-	-	(53,472)	(53,472)
Transfer In	-	18,530	-	18,530
Transfer Out	-	-	(18,530)	(18,530)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,123,814</b>	<b>15,285,114</b>	<b>16,408,928</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>1,039,854</b>	<b>1,750</b>	<b>1,041,604</b>
<b>Fund Balances, Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 1,039,854</b>	<b>\$ 1,750</b>	<b>\$ 1,041,604</b>

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, 2019**

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<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$	1,041,604
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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 capital outlay exceeded depreciation expense in the current period.

14,520,178

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.

(16,946,528)

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.

(60,282)

**Change in Net Position of Governmental Activities**

\$ (1,445,028)

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

# LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Nature of Organization**

The general purpose of the 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 the 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

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### 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 was 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**

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**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 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.

**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**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Special Assessments (Continued)**

**Capital Improvement**

Capital improvement 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 special assessment receivables are reported at the time of the special assessment levy. Revenue is recognized when the assessment is collected.

Capital improvement 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, 2019, the District estimates that all receivable 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.

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.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**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, deferred outflows, liabilities, deferred inflows, 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, 2019, the members of the Board of Supervisors received no compensation or per diem.

**Net Position**

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

- *Net Investment in Capital Assets* - Consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.
- *Restricted* - Distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* - Consisting 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. 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.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

- *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, 2019, the District's demand deposits bank balance of \$16,540 was entirely secured by federal deposit insurance. The District's cash equivalents of \$1,041,604, consists of money market funds holding U.S. Treasury and government agency securities.

**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 is 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 31 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.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 3. Special Assessments (Continued)**

On August 7, 2018, 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, 2019. The District's 2019 budget totaled \$386,350. The District's collections in the year ended December 31, 2019 totaled \$386,691.

On July 8, 2019, the District approved the levy of a \$17,000,000 capital improvement special assessment on the property owners of the District intended to fund the debt service payments on the \$17,000,000 of Special Assessment Revenue Bonds issued in 2019.

On August 6, 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 ending 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.

The District's special assessments as of December 31, 2019 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>Current</b>			
Service-type Special Assessment	\$ 76,168	\$ -	\$ 76,168
Capital Improvement Special Assessment	-	1,102,004	1,102,004
	76,168	1,102,004	1,178,172
<b>Noncurrent</b>			
Capital Improvement Special Assessment	-	16,680,000	16,680,000
<b>Total Special Assessment</b>	\$ 76,168	\$ 17,782,004	\$ 17,858,172

**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, 2019:

	Beginning Balance	Increase	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
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
<b>Total Capital Assets Not Being Depreciated</b>	<b>47,512,000</b>	<b>-</b>	<b>-</b>	<b>47,512,000</b>
<b>Capital Assets Being Depreciated</b>				
Roads, Streets, and Drainage	15,085,000	15,301,894	-	30,386,894
Utility Plants and Pumps	3,500,000	-	-	3,500,000
Landscape and Design	6,025,000	-	-	6,025,000
<b>Total Capital Assets Being Depreciated</b>	<b>24,610,000</b>	<b>15,301,894</b>	<b>-</b>	<b>39,911,894</b>
<b>Less Accumulated Depreciation for:</b>				
Roads, Streets, and Drainage	(4,399,791)	(440,883)	-	(4,840,674)
Utility Plants and Pumps	(1,633,333)	(140,000)	-	(1,773,333)
Landscape and Design	(2,348,253)	(200,833)	-	(2,549,086)
<b>Total Accumulated Depreciation</b>	<b>(8,381,377)</b>	<b>(781,716)</b>	<b>-</b>	<b>(9,163,093)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>16,228,623</b>	<b>14,520,178</b>	<b>-</b>	<b>30,748,801</b>
<b>Capital Assets, Net</b>	<b>\$ 63,740,623</b>	<b>\$ 14,520,178</b>	<b>\$ -</b>	<b>\$ 78,260,801</b>

Depreciation expense for the year ended December 31, 2019 amounted to \$781,716.

**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 beginning on December 1, 2019, and 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 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**

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**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, 2019:

	<b>Special Assessment Revenue Bonds</b>
<b>Payable at January 1, 2019</b>	\$ -
Issued	17,000,000
Retired	-
<b>Payable at December 31, 2019</b>	17,000,000
Less: Bond Discount, Net	(51,690)
<b>Payable, Net at December 31, 2019</b>	<u>\$ 16,948,310</u>
<b>Due Within One Year</b>	<u>\$ 320,000</u>

The annual requirements to maturity as of December 31, 2019 are as follows:

<b>Year Ending December 31,</b>	<b>Special Assessment Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 320,000	\$ 696,200
2021	335,000	684,328
2022	345,000	672,003
2023	360,000	659,225
2024	370,000	645,994
2025 - 2029	2,075,000	3,007,531
2030 - 2034	2,525,000	2,563,081
2035 - 2039	3,100,000	1,985,938
2040 - 2044	3,835,000	1,251,141
2045 - 2048	3,735,000	335,672
<b>Total</b>	<u>\$ 17,000,000</u>	<u>\$ 12,501,113</u>

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 6. Developer Contribution**

For the year ended December 31, 2019. The developer contributed \$248,526 in funds for expenses incurred by the District, of which \$59,991 is receivable from the developer at December 31, 2019.

**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, 2019, 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**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. The District is currently evaluating 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.

## **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, 2019**

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$ 386,350	\$ 386,350	\$ 386,691	\$ 341
Developer Contribution	-	-	248,526	248,526
Interest Income	-	-	-	-
<b>Total Revenues</b>	<b>386,350</b>	<b>386,350</b>	<b>635,217</b>	<b>248,867</b>
<b>Expenditures</b>				
<b>Community Development</b>				
Field Operations	319,100	319,100	399,104	(80,004)
General and Administrative	67,250	67,250	236,113	(168,863)
<b>Total Expenditures</b>	<b>386,350</b>	<b>386,350</b>	<b>635,217</b>	<b>(248,867)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, Beginning of Year</b>			<b>-</b>	
<b>Fund Balance, End of Year</b>			<b>\$ -</b>	

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, 2019**

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**Agency Head**  
G. Adam Kurz, Chairman

<b>Purpose</b>	<b>Amount</b>
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  
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 the Lakeshore Villages Master Community Development District (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 12, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-001.

### **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 handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA

May 12, 2021

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019**

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**I - Summary of Auditor's Results**

Financial Statements

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued:  | Unmodified    |
| 2. | Internal control over financial reporting and compliance and other matters: |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified?                                     | None reported |
|    | c. Non-compliance material to the financial statements?                     | No            |

**Part II - Findings Related to the Financial Statements**

None.

**Part III - Compliance and Other Matters**

**2019-001 Louisiana Audit Law**

*Criteria:* Louisiana Revised Statute (R.S.) 24:513.

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

*Cause:* Oversight due to the District having been inactive for several years.

*Effect:* Noncompliance with R.S. 24:513.

*Recommendation:* Gain an understanding of the reporting requirements.

*Management's*

*Response:* The District is in the process of completing reporting requirements for years ended December 31, 2019 through 2020 as required by R.S.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2019**

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**2018-001 Louisiana Audit Law**

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

*Status:* This finding has not been resolved. See current year finding 2019-001.