

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

Annual Financial Statements

December 31, 2021



## Contents

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<b>Independent Auditor's Report</b>	1 - 3
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<b>Management's Discussion and Analysis</b>	4 - 8
---	-------

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### **Basic Financial Statements**

Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16 - 25

---

### **Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	27
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### **Other Supplementary Information**

Schedule of Compensation, Benefits, and Other Payments to Agency Head	29
--	----

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<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>	30 - 31
--	---------

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<b>Schedule of Findings and Responses</b>	32
---	----

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<b>Schedule of Prior Year Findings</b>	33
--	----

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of Lakeshore Villages Master Community Development District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our 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. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of 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 June 23, 2022, 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.



A Professional Accounting Corporation

Covington, LA  
June 23, 2022

# **LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT**

## **Management's Discussion and Analysis**

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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, 2021. 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 \$59,784,700.

The District's total net position decreased \$1,781,469 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, 2021, the District's governmental funds reported combined ending fund balances of \$1,513,517, an increase of \$420,018 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 unassigned.

### **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

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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**

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**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:

	2021	2020	\$ Change
<b>Assets</b>			
Current and Other Assets	\$ 36,578,672	\$ 18,871,782	\$ 17,706,890
Capital Assets, Net of Depreciation	91,795,780	77,160,295	14,635,485
<b>Total Assets</b>	<b>\$ 128,374,452</b>	<b>\$ 96,032,077</b>	<b>\$ 32,342,375</b>
<b>Liabilities</b>			
Current Liabilities	\$ 267,785	\$ 67,265	\$ 200,520
Long-Term Liabilities	33,420,182	16,630,092	16,790,090
<b>Total Liabilities</b>	<b>33,687,967</b>	<b>16,697,357</b>	<b>16,990,610</b>
<b>Deferred Inflows of Resources</b>	<b>34,901,785</b>	<b>17,768,551</b>	<b>17,133,234</b>
<b>Net Position</b>			
Net Investment in Capital Assets	58,292,982	60,479,778	(2,186,796)
Restricted	1,513,517	1,042,681	470,836
Unrestricted	(21,799)	43,710	(65,509)
<b>Total Net Position</b>	<b>59,784,700</b>	<b>61,566,169</b>	<b>(1,781,469)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 128,374,452</b>	<b>\$ 96,032,077</b>	<b>\$ 32,342,375</b>

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**

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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:

	2021	2020	\$ Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 1,875,234	\$ 1,920,772	\$ (45,538)
General Revenues			
Other	1,034	5,038	(4,004)
<b>Total Revenues</b>	<b>1,876,268</b>	1,925,810	(49,542)
<b>Expenses</b>			
Community Development	2,688,410	1,958,221	730,189
Interest	969,327	697,015	272,312
<b>Total Expenses</b>	<b>3,657,737</b>	2,655,236	1,002,501
<b>Change in Net Position</b>	<b>(1,781,469)</b>	(729,426)	(1,052,043)
<b>Net Position, Beginning of the Year</b>	<b>61,566,169</b>	62,295,595	(729,426)
<b>Net Position, End of the Year</b>	<b>\$ 59,784,700</b>	\$ 61,566,169	\$ (1,781,469)

As noted above and in the statement of activities, the cost of all governmental activities for the fiscal year ended December 31, 2021 was \$3,657,737. 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 38% 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 \$99,370 for the fiscal year ended December 31, 2021.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Management's Discussion and Analysis**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2021, the District had \$103,325,527 invested in capital assets with a book value of \$91,795,780. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Long-Term Debt**

At December 31, 2021, the District had \$33,095,000 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 2022.

**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 Accounting Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

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

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT  
Statement of Net Position  
December 31, 2021**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 60,693
Restricted Cash and Cash Equivalents	1,513,517
Special Assessment Receivable	34,901,785
Accounts Receivable	99,302
Other Assets	3,375
Capital Assets - Infrastructure, Net	<u>91,795,780</u>
<b>Total Assets</b>	<u>128,374,452</u>
<b>Liabilities</b>	
Accounts Payable	110,680
Accrued Interest	104,415
Unearned Revenue	52,690
Bonds Payable	
Due Within One Year	695,000
Due in More than One Year	<u>32,725,182</u>
<b>Total Liabilities</b>	<u>33,687,967</u>
<b>Deferred Inflows of Resources</b>	
Deferred Special Assessment	<u>34,901,785</u>
<b>Net Position</b>	
Net Investment in Capital Assets	58,292,982
Restricted	1,513,517
Unrestricted	<u>(21,799)</u>
<b>Total Net Position</b>	<u>\$ 59,784,700</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, 2021**

<b>Functional Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Community Development	\$ 2,688,410	\$ 1,875,234	\$ -	\$ -	\$ (813,176)
Interest on Long-Term Debt	969,327	-	-	-	(969,327)
<b>Total</b>	<b>\$ 3,657,737</b>	<b>\$ 1,875,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,782,503)</b>
<b>General Revenues</b>					
Interest Income					1,034
<b>Total General Revenues</b>					<b>1,034</b>
<b>Change in Net Position</b>					<b>(1,781,469)</b>
<b>Net Position, Beginning of Year</b>					<b>61,566,169</b>
<b>Net Position, End of Year</b>					<b>\$ 59,784,700</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, 2021**

	General Fund	Debt Service Fund 2019	Debt Service Fund 2021	Capital Projects Fund 2019	Capital Projects Fund 2021	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 60,693	\$ 1,043,249	\$ 460,912	\$ -	\$ 9,356	\$ 1,574,210
Special Assessment Receivable	401,967	17,104,462	17,395,356	-	-	34,901,785
Accounts Receivable	99,302	-	-	-	-	99,302
Other Assets	3,375	-	-	-	-	3,375
<b>Total Assets</b>	<b>\$ 565,337</b>	<b>\$ 18,147,711</b>	<b>\$ 17,856,268</b>	<b>\$ -</b>	<b>\$ 9,356</b>	<b>\$ 36,578,672</b>
<b>Liabilities</b>						
Accounts Payable	\$ 110,680	\$ -	\$ -	\$ -	\$ -	\$ 110,680
Unearned Revenue	52,690	-	-	-	-	52,690
<b>Total Liabilities</b>	<b>163,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,370</b>
<b>Deferred Inflows of Resources</b>						
Deferred Special Assessment	401,967	17,104,462	17,395,356	-	-	34,901,785
<b>Total Deferred Inflows of Resources</b>	<b>401,967</b>	<b>17,104,462</b>	<b>17,395,356</b>	<b>-</b>	<b>-</b>	<b>34,901,785</b>
<b>Fund Balances</b>						
Nonspendable	3,375	-	-	-	-	3,375
Restricted	-	1,043,249	460,912	-	9,356	1,513,517
Unassigned	(3,375)	-	-	-	-	(3,375)
<b>Total Fund Balances</b>	<b>-</b>	<b>1,043,249</b>	<b>460,912</b>	<b>-</b>	<b>9,356</b>	<b>1,513,517</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 565,337</b>	<b>\$ 18,147,711</b>	<b>\$ 17,856,268</b>	<b>\$ -</b>	<b>\$ 9,356</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 governmental funds.

91,795,780

Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

(33,420,182)

Accrued interest expense is not reported in the governmental funds.

(104,415)

**Net Position of Governmental Activities**

**\$ 59,784,700**

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, 2021**

	General Fund	Debt Service Fund 2019	Debt Service Fund 2021	Capital Projects Fund 2019	Capital Projects Fund 2021	Total Governmental Funds
<b>Revenues</b>						
Special Assessment - Operations	\$ 726,496	\$ -	\$ -	\$ -	\$ -	\$ 726,496
Special Assessment - Debt Service	-	1,102,126	-	-	-	1,102,126
Developer Contribution	46,612	-	-	-	-	46,612
Interest Income	46	429	78	-	481	1,034
<b>Total Revenues</b>	<b>773,154</b>	<b>1,102,555</b>	<b>78</b>	<b>-</b>	<b>481</b>	<b>1,876,268</b>
<b>Expenditures</b>						
Community Development						
Field Operations	687,093	-	-	-	-	687,093
General and Administrative	129,791	82,659	-	-	6,000	218,450
Capital Outlay	-	-	-	7,088	15,894,545	15,901,633
Debt Service - Principal	-	335,000	-	-	-	335,000
Debt Service - Interest	-	684,328	242,663	-	-	926,991
Debt Service - Issuance Costs	-	-	-	-	516,719	516,719
<b>Total Expenditures</b>	<b>816,884</b>	<b>1,101,987</b>	<b>242,663</b>	<b>7,088</b>	<b>16,417,264</b>	<b>18,585,886</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(43,730)</b>	<b>568</b>	<b>(242,585)</b>	<b>(7,088)</b>	<b>(16,416,783)</b>	<b>(16,709,618)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Bond Issuance	-	-	703,016	-	16,426,620	17,129,636
Transfer In	-	-	481	-	-	481
Transfer Out	-	-	-	-	(481)	(481)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>703,497</b>	<b>-</b>	<b>16,426,139</b>	<b>17,129,636</b>
<b>Net Change in Fund Balances</b>	<b>(43,730)</b>	<b>568</b>	<b>460,912</b>	<b>(7,088)</b>	<b>9,356</b>	<b>420,018</b>
<b>Fund Balances, Beginning of Year</b>	<b>43,730</b>	<b>1,042,681</b>	<b>-</b>	<b>7,088</b>	<b>-</b>	<b>1,093,499</b>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 1,043,249</b>	<b>\$ 460,912</b>	<b>\$ -</b>	<b>\$ 9,356</b>	<b>\$ 1,513,517</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, 2021**

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<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$	420,018
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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.		14,635,485
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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.		(16,794,636)
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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>(42,336)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(1,781,469)</u></b>
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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

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### 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**

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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 2019 and the Debt service Fund 2021 account for the accumulation of resources for the payment of general long-term debt principal and interest. The Capital Projects Fund 2019 and the Capital Projects Fund 2021 account for the proceeds of the 2019 Special Assessment Revenue Bonds and 2021 Special Assessment Revenue Bonds, respectively, 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**

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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-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 \$99,370 for the fiscal year ended December 31, 2021.

**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-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, 2021, 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 with a useful life of two or more years. 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

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### 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, 2021, 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**

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**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, 2021, the District's demand deposits bank balance of \$68,681 was entirely secured by federal deposit insurance. The District's cash equivalents of \$1,513,516 consist of money market funds holding U.S. Treasury and government agency securities.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**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 31<sup>st</sup> 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.

The District's special assessments receivable as of December 31, 2021 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund 2019</b>	<b>Debt Service Fund 2021</b>	<b>Total</b>
<b>Current</b>				
Service-Type Special Assessment	\$ 401,967	\$ -	\$ -	\$ 401,967
Capital Improvement Special Assessment	-	1,104,462	995,356	2,099,818
	<u>401,967</u>	<u>1,104,462</u>	<u>995,356</u>	<u>2,501,785</u>
<b>Noncurrent</b>				
Capital Improvement Special Assessment	-	16,000,000	16,400,000	32,400,000
	<u>-</u>	<u>16,000,000</u>	<u>16,400,000</u>	<u>32,400,000</u>
<b>Total Special Assessment</b>	<u>\$ 401,967</u>	<u>\$ 17,104,462</u>	<u>\$ 17,395,356</u>	<u>\$ 34,901,785</u>

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.

In 2021, the District approved the levy of a capital improvement-type special assessment on the property owners of the District in the amount of \$16,750,000 in order to secure the \$16,750,000 Series 2021 Special Assessment Revenue Bonds issued that same year. See Note 5 for more details on the bonds.

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.



**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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

On June 25, 2021, 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, 2022. The District's 2022 budget totaled \$834,766. The total assessment to the lot owners was \$401,967 with the remaining balance of \$432,799 plus collection fees to be paid by the developer in 2022.

**Note 4. Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Beginning Balance	Increases	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	30,386,894	15,901,633	-	46,288,527
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>39,911,894</b>	<b>15,901,633</b>	<b>-</b>	<b>55,813,527</b>
<b>Less Accumulated Depreciation for:</b>				
Roads, Streets, and Drainage	(5,600,347)	(925,315)	-	(6,525,662)
Utility Plants and Pumps	(1,913,333)	(140,000)	-	(2,053,333)
Landscape and Design	(2,749,919)	(200,833)	-	(2,950,752)
<b>Total Accumulated Depreciation</b>	<b>(10,263,599)</b>	<b>(1,266,148)</b>	<b>-</b>	<b>(11,529,747)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>29,648,295</b>	<b>14,635,485</b>	<b>-</b>	<b>44,283,780</b>
<b>Capital Assets, Net</b>	<b>\$ 77,160,295</b>	<b>\$ 14,635,485</b>	<b>\$ -</b>	<b>\$ 91,795,780</b>

Depreciation expense for the year ended December 31, 2021 amounted to \$1,266,148.

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 5. Long-Term Debt**

On October 17, 2019, the District issued \$17,000,000 in Special Assessment Revenue Bonds, Series 2019. 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.

On June 8, 2021, the District issued \$16,750,000 in Special Assessment Revenue Bonds, Series 2021. The bonds are due in annual principal and interest installments payable through 2051. The bonds have interest rates ranging from 2.375% to 4.0%. 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 2021.

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2021:

	<b>Special Assessment Revenue Bonds</b>
<b>Payable at January 1, 2021</b>	\$ 16,680,000
Issued	16,750,000
Retired	<u>(335,000)</u>
<b>Payable at December 31, 2021</b>	33,095,000
Less: Bond Discount, Net	(48,126)
Add: Bond Premium, Net	<u>373,308</u>
<b>Payable at December 31, 2021</b>	<u>\$ 33,420,182</u>
<b>Due Within One Year</b>	<u>\$ 695,000</u>

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT**

**Notes to Financial Statements**

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**Note 5. Long-Term Debt (Continued)**

The annual requirements to maturity as of December 31, 2021 are as follows:

Year Ending December 31,	Special Assessment Revenue Bonds				Total	
	Series 2019		Series 2021		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 345,000	\$ 672,003	\$ 350,000	\$ 570,571	\$ 695,000	\$ 1,242,574
2023	360,000	659,225	355,000	562,199	715,000	1,221,424
2024	370,000	645,994	365,000	553,649	735,000	1,199,643
2025	385,000	632,069	375,000	544,862	760,000	1,176,931
2026	400,000	617,350	380,000	535,896	780,000	1,153,246
2027 - 2031	2,240,000	2,844,903	2,085,000	2,510,366	4,325,000	5,355,269
2032 - 2036	2,740,000	2,346,875	2,425,000	2,168,000	5,165,000	4,514,875
2037 - 2041	3,370,000	1,715,713	2,845,000	1,747,200	6,215,000	3,462,913
2042 - 2046	4,185,000	900,266	3,410,000	1,183,600	7,595,000	2,083,866
2047 - 2051	1,950,000	86,188	4,160,000	429,400	6,110,000	515,588
<b>Total</b>	<b>\$ 16,345,000</b>	<b>\$ 11,120,586</b>	<b>\$ 16,750,000</b>	<b>\$ 10,805,743</b>	<b>\$ 33,095,000</b>	<b>\$ 21,926,329</b>

**Note 6. Developer Contribution**

For the year ended December 31, 2021, the developer contributed \$46,612 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, 2021, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no claims in any of the past two fiscal years.

## **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, 2021**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special Assessments - Operations	\$ 717,514	\$ 717,514	\$ 726,496	\$ 8,982
Developer Contribution	-	-	46,612	46,612
Interest Income	-	-	46	46
<b>Total Revenues</b>	<u>717,514</u>	<u>717,514</u>	<u>773,154</u>	<u>55,640</u>
<b>Expenditures</b>				
Community Development				
Field Operations	630,068	630,068	687,093	(57,025)
General and Administrative	87,446	87,446	129,791	(42,345)
<b>Total Expenditures</b>	<u>717,514</u>	<u>717,514</u>	<u>816,884</u>	<u>(99,370)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>(43,730)</u>	<u>(43,730)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(43,730)</u>	<u>\$ (43,730)</u>
<b>Fund Balance, Beginning of Year</b>			<u>43,730</u>	
<b>Fund Balance, End of Year</b>			<u>\$ -</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, 2021**

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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 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2022.

**Report on 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.



### **Report on 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 2021-001.

### **The District's Response to Findings**

The District's response to the finding 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  
June 23, 2022

**LAKESHORE VILLAGES MASTER  
COMMUNITY DEVELOPMENT DISTRICT  
Schedule of Findings and Responses  
For the Year Ended December 31, 2021**

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**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**

**2021-001 Local Government Budget Act**

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

*Condition:* The District did not amend its 2021 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:* Timely amend the general fund budget.

*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 Prior Year Findings  
For the Year Ended December 31, 2021**

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**2020-001 Local Government Budget Act**

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

*Status:* See finding 2021-001.

**2020-002 Continuing Disclosure**

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

*Status:* This finding has been resolved.

## **AGREED-UPON PROCEDURES REPORT**

Lakeshore Villages Master Community Development District

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period of January 1, 2021 - July 31, 2021**

To the Livingston Parish Council  
Lakeshore Villages Master Community Development District  
Slidell, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA) Agreed-Upon Procedures (AUPs) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period from January 1, 2021 through July 31, 2021. Lakeshore Villages Master Community Development District's (the District) management is responsible for those C/C areas identified in the AUPs.

Management of the District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

### ***Debt Service***

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1. Obtain and inspect the entity's written policies and procedures over debt service and observe that they address (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** No exceptions noted.

2. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

**Results:** No exceptions noted.

3. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** No exceptions noted.

### **Sexual Harassment**

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1. Obtain and inspect the entity's written policies and procedures over sexual harassment prevention and observe that they include R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training and (3) annual reporting.

**Results:** No exceptions noted.

2. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials and obtain sexual harassment training documentation from management for each of the selected employees, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year. If your sample includes supervisors, observe the documentation demonstrates additional training as per 42:342 (A)(2).

**Results:** Management was unable to provide documentation of completion of the training but indicated that 4 of the 5 officials selected completed the training.

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

**Results:** No exceptions noted.

4. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;

- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

**Results:** The report prepared by the District was dated after February 1. No other exceptions noted.

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

We are required to be independent of Lakeshore Villages Master Community Development District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon engagement.

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



A Professional Accounting Corporation

Covington, LA  
June 23, 2022

# LAKESHORE VILLAGES MASTER COMMUNITY DEVELOPMENT DISTRICT

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District Office - Wesley Chapel, Florida (813) 994-1001  
Mailing Address - 3434 Colwell Avenue Suite 200, Tampa, Florida 33614  
[www.rizzetta.com](http://www.rizzetta.com)

June 23, 2022

LaPorte, A Professional Accounting Corporation  
5100 Village Walk, Suite 300  
Covington, LA 70433

RE: Management Response to agreed-upon procedures  
Report From January 1, 2021 through July 31, 2021

Sexual Harassment: Item # 4 – Management of the District will prepare the required schedule prior to February 1, in future years.

I can be reached at (813)-625-4082, if you have any questions regarding this response.

Sincerely,



Pete Williams  
District Manager