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**SQUIRE CREEK COMMUNITY  
DEVELOPMENT DISTRICT  
CHOUDRANT, LOUISIANA  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE PERIOD ENDED  
DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-8-04

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2003**

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**RADIAN L. HENNIGAN**

Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Squire Creek Community Development District  
Choudrant, LA.

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component's units, each major fund, and the aggregate remaining fund information of Squire Creek Community Development District as of and for the period ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Squire Creek Community Development District management. 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 Audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Squire Creek Community Development District as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2003 on our consideration of the Squire Creek Community Development District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 4 and, 29 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Squire Creek Community Development District basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical table have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully,



Radian L. Hennigan  
Certified Public Accountant

Ruston, Louisiana  
June 11, 2004

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2003  
(UNAUDITED)**

Our discussion of and analysis of Squire Creek Community Development District (the "District") financial performance provides an overview of the District's financial activity for the period ended December 31, 2003. It should be read in conjunction with the financial statements, which begin on page 8.

**Financial Highlights**

Completion of 95% of Phase 1 Project for infrastructure of Squire Creek Community Development District.

Intergovernmental transfer of assets approximating \$3.5 million to the Village of Choudrant representing the Water System and Sewer System.

**Using this Annual Report**

This report consists of a series of financial statements. The statements of Net Assets and Activities on pages 8 and 9 provide information about the District as a whole and include fixed assets consisting primarily of internal roadway systems, miscellaneous assets and depreciation on those assets.

**Statement of Net Assets**

Table 1 shows all of the assets and liabilities of the District and is presented on the accrual basis. The total net assets are approximately (\$2,746,458.29) with total assets of \$8,350,223.71 and total liabilities of \$11,096,682.00. This negative balance in net assets is due to the intergovernmental transfer of assets to the Village of Choudrant and retaining the associated debt on these transferred assets.

**Table 1  
Net Assets**

	<b>December 31, 2003</b>
Current assets	\$ 2,159,630.60
Capital and other assets	6,190,593.11
<b>Total Assets</b>	<b>8,350,223.71</b>
Current liabilities	11,096,682.00
<b>Total Net Assets</b>	<b><u>(\$ 2,746,458.29 )</u></b>

### Statement of Activities

Table 2 shows all of the expenses and revenues of the District and is also presented on the accrual basis.

**Table 2  
Changes in Net Assets**

	<b>December 31, 2003</b>
<b>Program Revenues:</b>	
Charges for Service	\$ 1,234,754.00
Total Program Revenues	1,234,754.00
<b>Program Expenses</b>	<u>178,469.00</u>
Total	1,056,285.00
General Revenues	(366,007.00)
Intergovernmental Transfer	
Of Assets	<u>(3,436,736.00)</u>
Change in Assets	<u>\$( 2,746,458.00)</u>

### Balance Sheet – Governmental Funds

The statement on page 10 shows the assets, liabilities and reserves for the District operating accounts (Governmental Activities) separate from the Proprietary Fund held for the repayment of debt. The Governmental Activities are a very small part of the statements, only representing .15% of the total assets.

### Statement of Revenues, Expenditures, and Changes in Fund Balance -Governmental Funds

The statement on page 11 shows the revenues and expenditures for the District's operating accounts (Governmental Activities) separate from the Proprietary Fund held for the repayment of debt. The revenues and expenditures for the Governmental Activities are less than .5% of the total. Almost all of the changes for the combined statements are for the Proprietary Fund.

### Description of Current and Expected Conditions

Presently, the Squire Creek Development District's Board of Supervisors are not aware of any significant changes in conditions that would have a significant effect on the financial position or results of activities of the District in the near future.

### Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability to its users and bondholders. If you have any questions about this report or need additional financial information, contact the District at 1918 Farmerville Highway, Ruston, LA 71270.



**RADIAN L. HENNIGAN**

Certified Public Accountant

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

Board of Supervisors  
Squire Creek Community Development District  
Choudrant, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Squire Creek Community Development District, as of and for the period ended December 31, 2003, which collectively comprise the Squire Creek Community Development District's basic financial statements and have issued our report thereon dated June 11, 2004. 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.

Compliance

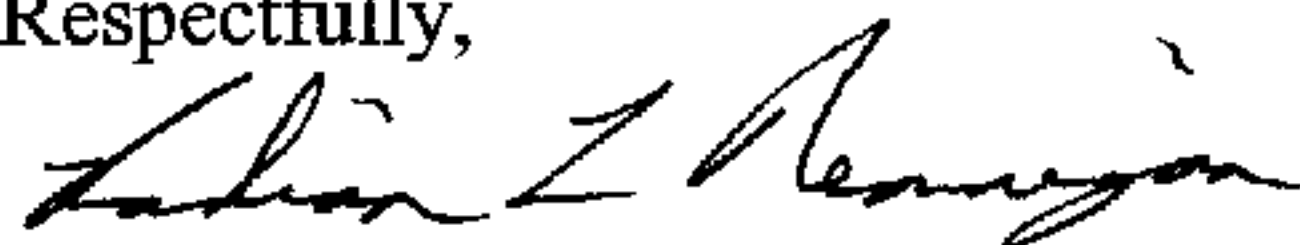
As part of obtaining reasonable assurance about whether Squire Creek Community Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such as opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered Squire Creek Community Development District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the District's Board, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Radian L. Hennigan  
Certified Public Accountant

Ruston, Louisiana  
June 11, 2004



**BASIC FINANCIAL STATEMENTS**

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash	5,500.98		5,500.98
Cash with Fiscal Agent		864,054.78	864,054.78
Restricted:			
Cash and Cash Equivalents		611.58	611.58
Receivables:			
Benefit Assessment	-	989,516.26	989,516.26
Maintenance Special Assess.	6,800.00		6,800.00
Inventories:			
Work In Progress	-	293,147.00	293,147.00
Property, Plant, and Equipment, Net	-	5,958,683.86	5,958,683.86
Unamortized Bond Issue Costs, Net	-	231,909.25	231,909.25
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>12,300.98</u>	<u>8,337,922.73</u>	<u>8,350,223.71</u>
<b>Liabilities</b>			
Contracts Payable	-	293,147.00	293,147.00
Bond Interest Payable	-	43,535.00	43,535.00
Long-Term Liabilities:			
Due Within One Year	-	370,000.00	370,000.00
Due In More Than One Year	-	10,390,000.00	10,390,000.00
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	-	11,096,682.00	11,096,682.00
<b>Net Assets</b>			
Unrestricted	12,300.98	-	12,300.98
Invested in Capital Assets, Net of Related Debt	-	(2,758,759.27)	(2,758,759.27)
	<hr/>	<hr/>	<hr/>
<i>Total Net Assets</i>	<u>\$ 12,300.98</u>	<u>\$ (2,758,759.27)</u>	<u>\$ (2,746,458.29)</u>

The accompanying notes are an integral part of these statements.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE PERIOD ENDED DECEMBER 31, 2003**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>					
General Government	5,999.02	18,300.00	12,300.98	-	12,300.98
<i>Total Governmental Activities</i>	<u>5,999.02</u>	<u>18,300.00</u>	<u>12,300.98</u>	<u>-</u>	<u>12,300.98</u>
<b>Business-Type Activities</b>					
Capital Asset Projects	172,470.30	1,216,454.83	-	1,043,984.53	1,043,984.53
<i>Total Business-Type Activities</i>	<u>172,470.30</u>	<u>1,216,454.83</u>	<u>-</u>	<u>1,043,984.53</u>	<u>1,043,984.53</u>
<b>Total</b>	<u><u>178,469.32</u></u>	<u><u>1,234,754.83</u></u>	<u><u>12,300.98</u></u>	<u><u>1,043,984.53</u></u>	<u><u>1,056,285.51</u></u>

**General Revenues**

Interest Income		2,484.82	2,484.82
Investment Income		64.13	64.13
Interest Expense		(368,556.75)	(368,556.75)
<i>Total General Revenues</i>	0.00	(366,007.80)	(366,007.80)
<i>Intergovernmental Transfer of Assets</i>	0.00	(3,436,736.00)	(3,436,736.00)
<i>Change in Assets</i>	12,300.98	(2,758,759.27)	(2,746,458.29)
<i>Net Assets Beginning of Year</i>	0.00	0.00	0.00
<i>Net Assets End of Year</i>	<u><u>12,300.98</u></u>	<u><u>(2,758,759.27)</u></u>	<u><u>(2,746,458.29)</u></u>

The accompanying notes are an integral part of these statements.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUND TYPE**  
**DECEMBER 31, 2003**

	<u>General</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 5,500.98
Receivables:	
Maintenance Special Assess.	<u>6800.00</u>
<b>Total Assets</b>	<u><u>\$ 12,300.98</u></u>
<b>Fund Balance</b>	
Unreserved, reported in General	<u>\$ 12,300.98</u>
<b>Total Fund Balance</b>	<u><u>\$ 12,300.98</u></u>

The accompanying notes are an integral part of these statements.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, CHANGES IN**  
**FUND BALANCE- GOVERNMENTAL FUND TYPE**  
**PERIOD ENDED DECEMBER 31, 2003**

	<b>General</b>
<b>Revenues:</b>	
Charges for Services	\$ 18,300.00
Total Revenue	18,300.00
<b>Expenditures:</b>	
Current:	
General Government	5999.02
Total Expenditures	5999.02
Excess of Revenues	
Over Expenditures	12300.98
Net Change in Fund Balance	12300.98
Fund Balance-Beginning	0.00
Fund Balance-Ending	\$ 12,300.98

The accompanying notes are an integral part of these statements.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF NET ASSETS- PROPRIETARY FUND TYPE**  
**DECEMBER 31, 2003**

	<b>Enterprise</b>
<b>Assets</b>	
Current Assets:	
Cash with Fiscal Agent	\$ 864,054.78
Restricted:	
Cash and Cash Equivalents	611.58
Receivables:	
Benefit Assessment	989,516.26
Inventories:	
Work In Progress	293,147.00
Total Current Assets	2,147,329.62
Noncurrent Assets:	
Property, Plant, and Equipment, net	5,958,683.86
Unamortized Bond Issue Costs, net	231,909.25
<b>Total Assets</b>	<b>\$ 8,337,922.73</b>
<b>Liabilities</b>	
Current Liabilities:	
Contracts Payable	\$ 293,147.00
Bond Interest Payable	\$ 43,535.00
Bonds Payable-Current	370,000.00
Total Current Liabilities	706,682.00
Noncurrent Liabilities:	
Bonds Payable	10,390,000.00
Total Liabilities	11,096,682.00
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(2,758,759.27)
Total Net Assets	(2,758,759.27)

The accompanying notes are an integral part of these statements.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**NET ASSETS -**  
**THE PROPRIETARY FUND TYPE**  
**PERIOD ENDED DECEMBER 31, 2003**

	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Charges for Services	\$ 1,216,454.83
Total Operating Revenue	1,216,454.83
 <b>Operating Expenses:</b>	
Professional Services	33,715.80
Assessment Administrative Fee	5,000.00
Bond Administrative Fee	3,000.00
Amortization	12,205.75
Depreciation	118,548.75
Total Operating Expenses	172,470.30
 Income (Loss) from Operations	 1,043,984.53
 <b>Nonoperating Revenues(Expenses):</b>	
Interest Income	2,484.82
Investment Income	64.13
Interest Expense	(368,556.75)
Intergovernmental Transfer of Assets	(3,436,736.00)
Total Nonoperating Revenues(Expenses)	(3,802,743.80)
 Change in Net Assets	 (2,758,759.27)
Net Assets-Beginning	0.00
Net Assets-Ending	\$ (2,758,759.27)

The accompanying notes are an integral part of these statements.



**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE PERIOD ENDED DECEMBER 31, 2003**

<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers and Users	\$ 226,939
Cash Payments to Suppliers for Goods and Services	<u>(41,716)</u>
<b>Net Cash (Used for) Operating Activities</b>	<u>185,223</u>
 <b>Cash Flows from Noncapital Financing Activities</b>	
	-
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Paid on Debt	(190,000)
Acquisition and Construction of Capital Assets	(9,758,084)
Proceeds from Long Term Debt	10,950,000
Interest Paid on Financing	<u>(325,022)</u>
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<u>676,894</u>
 <b>Cash Flows from Investing Activities:</b>	
Earnings on Investments	<u>2,549</u>
<b>Net Cash Provided by Investing Activities</b>	<u>2,549</u>
<b>Net Increase In Cash and Cash Equivalents</b>	864,666
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>-</u>
<b>Cash and Cash Equivalents at Year End</b>	<u><u>864,666</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by (Used for)</b>	
<b>Operating Activities:</b>	
<b>Operating Income (Loss)</b>	<u>1,043,984</u>

**Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by**  
(Used for)

**Operating Activities:**

Amortization	12,206
Depreciation	118,549
(Increase) Decrease in Accounts Receivable	<u>(989,516)</u>

**Total Adjustments** (858,761)

**Net Cash (Used for) Operating Activities** 185,223

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

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

“Community Development District” or “District” means a special district as provided in Article VI, Section 19 of the Constitution of Louisiana, which is created pursuant to this Chapter and limited to the performance of those specialized functions authorized by this Chapter, the boundaries of which are contained wholly within a single parish; the governing head of which is a body created, organized and constituted and authorized to function specifically as prescribed in this Chapter for the delivery of community development services; and the formation, powers, governing body, operation, duration, accountability, requirements for disclosure, and termination of which are as required by general law.

**A. Reporting Entity**

Squire Creek Community Development District, Village of Choudrant, State of Louisiana (the “District”) is a public corporation and community development district organized and existing under the provisions of Chapter 27-B of Title 33 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 33:9039.11 through 9039.37, inclusive (the “Act”), and pursuant to Ordinance 70 duly adopted by the Board of Alderman of the Village of Choudrant, State of Louisiana, effective on April 1, 2002 (the “Ordinance”), which District is comprised of and includes all of the immovable property situated within the described boundaries.

Pursuant to the provisions of the Act, the District is authorized to finance, fund, plan, establish, acquire construct or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the following: (1) water management and control for the lands in the District, including the connection of some or any of such facilities with roads and bridges; (2) water supply, sewer and wastewater management, reclamation and refuse, or any combination thereof, (3) bridges or culverts that may be needed across any drain, ditch, canal, floodway, holding basin, excavation, public highway, tract, grade, fill or cut and roadways over levees and embankments; and (4) roads and streets in the District equal to or exceeding the specifications of the Village of Choudrant, and street lights.

The District is authorized by the Act to levy and collect non-ad valorem special assessments against all immovable property situated in the District that is subject to assessment as a result of the projects to finance, fund, plan, establish, acquire, construct or reconstruct, enlarge, extend, equip, operate and maintain systems, facilities and basic infrastructure for the District.

The Board of the District shall exercise the powers granted to the District pursuant to this Chapter. The board shall consist of five members; except as otherwise provided herein, each member shall hold for a term of four years and until a successor is chosen and

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

qualifies. The initial members of the board shall be residents of the state, and at least one of the initial members shall be a resident of the area immediately adjacent to the District.

Commencing six years after the initial appointment of members, the position of each member whose term has expired shall be filled by a qualified elector of the District, elected by the qualified electors of the district in accordance with Title 18 of the Louisiana Revised Statutes of 1950.

Members of the board shall be known as supervisors and, upon entering into office shall take an oath of office. They shall hold office for the terms for which they were elected or appointed and until their successors are chosen and qualified. If, during the term of office, a vacancy occurs, the remaining members of the board shall fill the vacancy by an appointment for the remainder of the unexpired term.

A majority of the members of the board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. Actions taken by the District shall be upon a vote of a majority of the members present unless general law or a rule of the district requires a greater number.

The District is an entity administered by a Board of Supervisors ("Board") that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members, serving a term of four years. Of the five, three are elected as officers of the District; Chair(person), Vice-chair(person), and Treasurer. The elected Secretary of the board is not a member. Each Officer serves a term of four years. No board members receive compensation for serving on the Board.

The Board of Supervisors appoints the Chair (person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the District, its officers and employees.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14 *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) changes 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. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

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 liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 considered to be 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 sixty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grant and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

**Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The District uses governmental funds and proprietary funds.



**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Louisiana and the bylaws of the District.

The District reports the following proprietary fund.

Enterprise Fund - Accounts for transactions relating to infrastructure development, contracting, debt, assessments, and other matters requiring commitment for more than one fiscal year.

*Revenues -- Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
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*Expenses/Expenditures*

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**D. Cash and Cash Equivalents**

Cash received by the District is deposited into demand deposits and daily investment accounts. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Restricted Cash and Cash Equivalents."

During the period ended December 31, 2003, investments were limited to Federal U.S. Treasury Cash Reserves.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

**E. Restricted Assets**

Restricted assets are cash and cash equivalents whose use is limited by legal requirements. Restricted cash represents amounts required by debt covenant to be segregated for final year debt payment and accrued interest on the bonds. Restricted cash and cash equivalents represents special assessment proceeds restricted for completion of the Squire Creek Community Development District's infrastructure projects.

**F. Interfund Transactions**

During the course of normal operations, the District may have transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets.



**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
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**G. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

General capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

**H. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

**I. Reservations of Fund Balances**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditures in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

**J. Net Assets**

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**K. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
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**L. Intergovernmental Agreement**

The District and the Village of Choudrant entered into an agreement by which the Water System and Sewer System was and is being transferred, as completed, by the District to the Village and thereafter owned, operated and maintained by the Village for the mutual benefit of the Village and the District.

**M. Assessment Methodology**

At or prior to August 31 of each year, the Board of Supervisors of the District will determine and establish the special annual assessment that will be levied against all assessable property in the District for the upcoming fiscal year. No later than August 31 of each year, the aggregate special annual assessment that is to be levied by the Board of Supervisors will be an amount sufficient to pay all interest that is expected to become due on the District's outstanding bonds (the "*Bonds*") during the upcoming fiscal year, to fund any sinking fund requirements on the Bonds during the upcoming fiscal year, to fund any reserve required by the Bond indenture during the upcoming fiscal year, and to pay all expenses relating to the Bonds that are expected to become due during the fiscal year (the "*Aggregate Special Annual Assessment*"). The aggregate Special Annual Assessments are payable by December 31 of each year.

District assessments are secured special assessments. These assessments are secured by liens on the properties being assessed.

**2. STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY**

GAAP requires that general purpose financial statements include a combined statement of revenues, expenditures, and changes in fund balances (budget and actual) for the general and special revenue fund types and for similar governmental fund types for which annual budgets have been legally adopted. Annual budget was legally adopted for the General Fund.

**3. CASH & INVESTMENTS**

**Cash**

At year end the District's deposits of \$870,167.00 were fully insured by federal depository insurance or collateralized by pledged securities of the depository bank.

The District is authorized to make direct investments in United States government bonds, treasury notes, treasury bills or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
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the state of Louisiana or any other federally insured investment, or guaranteed investment contracts issued by a financial institution having one of the two highest rating categories or in mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of government or its agencies .

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year end. Category 1 provides for investments insured or registered, or securities held by the District or its agents in the District's name. Category 2 provides for uninsured and unregistered securities held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name. (In accordance with GASB 3, this category included certificates of deposit or money market accounts that are collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the District's name although balances so collateralized meet the requirements of state law. Of the amount shown in Category 3, \$870,167.00 is collateralized by securities held by the pledging financial institution's agent but not in the District's name.)

	CATEGORY			CARRYING AMOUNT	MARKET VALUE
	<u>1</u>	<u>2</u>	<u>3</u>		
Savings and Certificates Of deposit	<u>\$0</u>	<u>\$0</u>	<u>\$870,167</u>	<u>\$870,167</u>	<u>\$870,167</u>

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**4. BENEFIT AND MAINTENANCE SPECIAL ASSESSMENTS**

**Levy of Maintenance Special Assessment**

Pursuant to the provisions of Section 9039.29(B) of the Act, there was levied, an initial special assessment of \$7,500.00 on all immovable property located in the District to pay the operating and maintenance expenses of the District for fiscal year 2002 ending on December 31, 2002. Pursuant to an agreement with the developer, the maintenance special assessment shall be paid to the District by the developer in lump sum payment immediately upon adoption of this ordinance. All other requirements and/or formalities regarding the levy and collection of special assessments have been expressly waived by the developer and are hereby waived by this Board of Supervisors.

**Amendment of Maintenance Special Assessment**

The levy of the Maintenance Special Assessment made pursuant to Original 2003 Levy Ordinance was amended from \$16,000.00 to 10,800.00 and the Original Levy for 2003 was amended as set forth above. By mutual agreement, the developer agreed to pay the Maintenance Assessment in the sum of \$10,800 which amount was paid in one lump sum payment, immediately upon adoption of the Ordinance.

**Levy of Benefit Special Assessments**

Pursuant to the provisions of the Act, particularly Section 9039.29(A), this Board hereby determines, orders, and levies the annual installments for year 2003 regarding the Special Benefit Assessments on all specially benefited immovable property in the District, all as specified on the Assessment Schedule. The Board further ordained that the Assessor and the Sheriff of the Parish of Lincoln, State of Louisiana, be empowered, authorized, and directed to spread the Special Assessments, as set forth in the Assessment Schedule, upon the assessment roll of said Parish for the calendar year 2003; and further, to make the collection of the taxes imposed for and on behalf of the District, according to law. The Special Assessments herein levied shall become a permanent lien and privilege on all specially benefited immovable property at the District as on the Assessment Schedule, which lien shall be on a parity with the lien state, parish, municipal, and school board taxes.

**Enforcement of Lien Nonpayment**

Collection of the Special Assessments levied under this Ordinance will be enforceable in the manner provided by law, particularly the provisions of Sections 9039.29 and 9039.30 of the Act. Special Assessments must be paid no later than the thirty-first (31<sup>st</sup>) day of December of each calendar year. Special Assessments which are delinquent shall bear interest after the thirty-first (31<sup>st</sup>) day of December of such year until paid, at the rate of one percent (1%) per month.

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**5. CAPITAL ASSETS**

Summary by category of changes in business-type activities.

	<u>Balance</u> <u>4/1/02</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/03</u>
<b>Business Type activities:</b>				
Water System	-	1,793,916	-	1,793,916
Sewer System	-	1,642,820	-	1,642,820
Internal Roadway System	-	5,180,067	-	5,180,067
Miscellaneous	-	897,165	-	897,165
Sub-Total	<u>          </u>	<u>9,513,968</u>	<u>          </u>	<u>9,513,968</u>
<b>Less Intergovernmental Transfers of Assets</b>				
Water System	-	(1,793,916)	-	(1,793,916)
Sewer System	-	(1,642,820)	-	(1,642,820)
Sub-Total	<u>          </u>	<u>6,077,232</u>	<u>          </u>	<u>6,077,232</u>
<b>Less Accumulated Depreciation</b>				
	-	118,548	-	118,548
Total	<u>          </u>	<u>5,958,684</u>	<u>          </u>	<u>5,958,684</u>
<b>Bond Issue</b>				
Costs	-	244,115	-	244,115
Less: Accumulated Amortization	-	<u>12,206</u>	-	<u>12,206</u>
Total Bond Issue Costs	<u>          </u>	<u>231,909</u>	<u>          </u>	<u>231,909</u>

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**6. LONG-TERM OBLIGATIONS**

The changes in the District 's long-term obligations during the period consist of the following:

	<u>Principal Outstanding 4/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 12/31/03</u>	<u>Amounts Due In One Year</u>
<b>Business-Type</b>					
<b>Activities:</b>					
<b>Senior Special</b>					
<b>Assessment Bonds</b>					
2002 A	-	5,440,000	\$ 155,000	\$ 5,285,000	\$ 190,000
2003 A	-	3,320,000	-	3,320,000	110,000
Sub -Total		<u>8,760,000</u>	<u>155,000</u>	<u>8,605,000</u>	<u>300,000</u>
<b>Subordinate Special</b>					
<b>Assessment Bonds</b>					
2002 B	-	1,360,000	35,000	1,325,000	45,000
2003 B	-	830,000	-	830,000	25,000
Sub-Total		<u>2,190,000</u>	<u>35,000</u>	<u>2,155,000</u>	<u>70,000</u>
Total Bonds	-	10,950,000	190,000	10,760,000	370,000
<b>Fiscal Year Ending</b>					
<b>December 31</b>					
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004		370,000	\$ 534,812	\$ 904,812	
2005		380,000	537,398	917,398	
2006		395,000	525,801	920,801	
2007		415,000	512,211	927,211	
2008		430,000	496,449	926,449	
2009-13		2,475,000	2,172,380	4,647,380	
2014-2018		3,190,000	1,466,873	4,656,873	
2019-2022		3,105,000	457,050	3,562,050	
		<u>10,760,000</u>	<u>\$ 6,702,974</u>	<u>\$ 17,462,974</u>	

This Board of Supervisors duly adopted Resolution No. 2002-03 on November 6, 2002, (the "Initial Resolution") authorizing the issuance of not exceeding \$20,000,000 aggregate principal amount of its Squire Creek Community Development District, Village of Choudrant, State of Louisiana, Special Assessment Bonds, Series (To Be Designated), in one or more series, on one or more issuance dates (collectively, the "Bonds"), in order to pay all or a portion of the design, acquisition and construction costs of certain infrastructure improvements from time to time constructed, established, or installed in the District, including Phase I of the development plan for the District, which Bonds will be issued pursuant to the Act and a Master Trust Indenture dated as of December 31, 2002 (the "Master Trust Indenture") entered into between the District and Argent Trust Company, a Division of National Independent Trust Company, Ruston, Louisiana, as Trustee (the "Trustee").



**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**7. CONSTRUCTION COMMITMENTS**

The District has outstanding contracts for professional and contract services. The following amounts remain on these contracts as of December 31, 2003.

<u>Projects and Contractor</u>	<u>Outstanding Balance</u>
Phase I Squire Creek/ Squire Creek Country Club And Development, LLC	\$272,126

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, damage to, and theft or destruction, of assets, errors and omissions and natural disaster. During 2003 the District contracted with the Lincoln Agency, LLC for liability, property, and errors and omissions damage. Coverages provided by the company through various insurance carriers, are as follows:

Public Official Errors and Omissions Liability (Per occurrence)	\$1,000,000
Commercial General Liability	2,000,000
Products-Completed Operation	2,000,000
Personal and Advertising Injury	1,000,000
Fire Damage	100,000

**9. CONTINGENCIES**

As of December 31, 2003, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-GENERAL FUND  
FOR THE PERIOD ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Maintenance Special Assessment	\$ 23,500.00	\$ 18,300.00	\$ 18,300.00	\$0.00
Total Revenues	<u>23500.00</u>	<u>18300.00</u>	<u>18300.00</u>	<u>0.00</u>
<b>Expenditures:</b>				
General Government				
Accounting Fees	1000.00	3200.00	0.00	3200.00
Engineering Services	9000.00	5500.00	2039.02	3460.98
Insurance	10000.00	7600.00	3558.00	4042.00
Publications	1500.00	1000.00	402.00	598.00
Trustee	1000.00	0.00	0.00	0.00
Miscellaneous	1000.00	1000.00	0.00	1000.00
Total General Government	<u>23500.00</u>	<u>18300.00</u>	<u>5999.02</u>	<u>12300.98</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0.00	0.00	12300.98	12300.98
Fund Balance Beginning of Year	0.00	0.00	0.00	-
Fund Balance End of Year	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$ 12,300.98</u>	<u>\$ 12,300.98</u>

**SQUIRE CREEK COMMUNITY DEVELOPMENT DISTRICT**  
**Notes to Budgetary Comparison Schedule**  
**For the Period Ended December 31, 2003**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District annually adopts budgets for the General Fund of the primary government. All appropriations are legally controlled at the board level for the General Fund. On December 23, 2002, the District approved the original adopted budget and on November 18, 2003 approved the revised budget reflected in the financial statements.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**(2) Material Violations**

There were no material violations of the annual appropriated budget for the General Fund for the period ended December 31, 2003. In addition, there were no excesses of budgetary expenditures for the period.