

WATER

**CLASS A & B
WATER DISTRICTS AND ASSOCIATIONS**

ANNUAL REPORT

OF

BRACKEN COUNTY WATER DISTRICT

P.O. BOX 201, 125 MIAMI ST., BROOKSVILLE, KY 41004

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

211 SOWER BOULEVARD
P.O. BOX 615
FRANKFORT, KENTUCKY 40602

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2005

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Title Page

Name of Respondent	Address	City	State	Zip
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Water

Districts/Associations

Annual Report of

Respondent

BRACKEN COUNTY
WATER DISTRICT

P.O. BOX 201

125 MIAMI STREET

BROOKSVILLE

KY

41004

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Principal Payment and Interest Information

	Amount	Y/N
Amount of Principal Payment During Calendar Year	\$137,036.00	
Is Principal Current?		Y
Is Interest Current?		Y
Has all long-term debt been approved by the Public Service Commission?		Y

Services Performed by Independent CPA

	Yes	No
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Are your financial statements examined by a Certified Public Accountant?

Enter Y for Yes or N for No

Y

If yes, which service is performed?

Enter an X on each appropriate line

X

Audit

Compilation

Review

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Additional Requested Information

Name	E-mail Address
BRACKEN COUNTY WATER DISTRICT	N/A
DIANA MORAN	N/A
MICHAEL THOROUGHMAN - JAMES H. SMITH CPA, PSC	mthoroughman@altel.net

Name of Utility and Web Address

Contact Name and Email Address

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Additional Information Required

Case Num	Date	Expire

NONE

Major Water Projects



Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service commission.

For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and will increase your current utilityplant by at least 20 percent.

Brief Project Description: (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers) N/A

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

19050 Bracken County Water District 01/01/2005 - 12/31/2005

History-Legal Name (Ref Page: 4)

1. Exact name of utility making this report.

(Use the words "The", "Company" or "Incorporated" only when part of the corporate name.)

BRACKEN COUNTY WATER DISTRICT

Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.

principal office in KY: BRACKEN COUNTY P.O. BOX 201 125 MIAMI STREET BROOKSVILLE KY 41004 6067353513
WATER DISTRICT

Give name, title, address and TELEPHONE NUMBER of the officer

to whom correspondence concerning this report should be addressed.

DIANA MORAN - P.O. BOX 201 125 MIAMI STREET BROOKSVILLE KY 41004 6067353513
OFFICE MANAGER

Location where books are located:

BRACKEN COUNTY P.O. BOX 201 125 MIAMI STREET BROOKSVILLE KY 41004 6067353513
WATER DISTRICT

19050 Bracken County Water District 01/01/2005 - 12/31/2005

History-Date Organized (Ref Page: 4)



Date of Organization

09/15/1960

19050 Bracken County Water District 01/01/2005 - 12/31/2005

History-Laws of Organization (Ref Page: 4)

If a consolidated or merger company, name all contigent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same

BRACKEN COUNTY WATER DISTRICT NO. 1 AND WEST BRACKEN COUNTY WATER DISTRICT

Date and Authority for each consolidation and each merger

MERGED DECEMBER 27 1995 BY ORDER OF PSC

19050 Bracken County Water District 01/01/2005 - 12/31/2005

History-Departments (Ref Page: 4)

[REDACTED]

State whether respondent is a water district or association

WATER DISTRICT

Name all operating departments other than water

N/A

Contacts (Ref Page: 6)

Title	Last Name	First Name	Bus. Addr.	State
Person to send correspondence:	MANAGER	MORAN	DIANA	P.O. BOX 201, BROOKSVILLE, KY 41004
Person who prepared this report	CPA	SMITH	JAMES H.	2202 OLD MAIN STREET, MAYSVILLE, KY 41056
Officers and Managers	CHAIR	TARVIN	CHARLES	P.O. BOX 201, BROOKSVILLE, KY 41004
	TREASURER	BAUER	JACOB	P.O. BOX 201, BROOKSVILLE, KY 41004
	SECRETARY	COURTS	BAXTER	P.O. BOX 201, BROOKSVILLE, KY 41004
				\$1,800.00 09/14/2006
				\$1,800.00 09/14/2007
				\$1,800.00 09/04/2006

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	
UTILITY PLANT		
Utility Plant (101-106)	\$7,772,480.00	\$8,599,961.00
Less: Accumulated Depreciation and Amortization (108-110)	\$2,081,494.00	\$2,334,210.00
Net Plant	\$5,690,986.00	\$6,265,751.00
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$5,690,986.00	\$6,265,751.00
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)		
Other Special Funds (127)		
Total Other Property and Investments		
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$252,822.00	\$247,039.00
Special Deposits (132)	\$0.00	\$29,774.00
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)		
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$67,112.00	\$70,361.00
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)	\$63,510.00	\$37,775.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	Current
Stores Expense (161)		
Prepayments (162)	\$4,546.00	\$13,123.00
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)		
Accrued Utility Revenues (173)		
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$387,990.00	\$398,072.00
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)	\$3,916.00	\$3,427.00
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)	\$35,620.00	\$0.00
Research and Development Expenditure (187)		
Total Deferred Debits	\$39,536.00	\$3,427.00
TOTAL ASSETS AND OTHER DEBITS	\$6,118,512.00	\$6,667,250.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

EQUITY CAPITAL

Appropriated Retained Earnings (214)	\$62,555.00	\$67,435.00
Retained Earnings From Income before contributions (215.1)	\$216,700.00	\$67,920.00
Donated Capital (215.2)	\$3,479,169.00	\$4,205,410.00
Total Equity Capital	\$3,758,424.00	\$4,340,765.00

LONG-TERM DEBT

Bonds (221)	\$2,108,000.00	\$2,063,543.00
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)	\$166,896.00	\$168,499.00
Total Long Term Debt	\$2,274,896.00	\$2,232,042.00

CURRENT AND ACCRUED LIABILITIES

Accounts Payable (231)	\$30,740.00	\$30,841.00
Notes Payable (232)		\$0.00
Accounts Payable to Associated Co. (233)		
Notes Payable to Associated Co. (234)		
Customer Deposits (235)	\$36,513.00	\$48,942.00
Accrued Taxes (236)	\$5,585.00	\$6,294.00
Accrued Interest (237)		
Matured Long-Term Debt (239)		\$0.00
Matured Interest (240)		
Tax Collections Payable (241)		
Misc. Current and Accrued Liabilities (242)	\$12,354.00	\$8,366.00
Total Current and Accrued Liabilities	\$85,192.00	\$94,443.00

DEFFERRED CREDITS

Unamortized Premium on Debt (251)		
Advances for Construction (252)		

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

	Previous Year	Current Year
Other Deferred Credits (253)		
Total Deferred Credits		
OPERATING RESERVES		
<i>Accumulated Provision For:</i>		
Property Insurance (261)		
Injuries and Damages (262)		
Pensions and Benefits (263)		
Miscellaneous Operating Reserves (265)		
Total Operating Reserves		
Total Equity Capital and Liabilities	\$6,118,512.00	\$6,667,250.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Comparative Operating Statement (Ref Page: 11)

	2005	2004
UTILITY OPERATING INCOME		
Operating Revenues (400)	\$821,337.00	\$880,331.00
Operating Expenses (401)	\$642,648.00	\$631,521.00
Depreciation Expenses (403)	\$131,575.00	\$252,716.00
Amortization of Utility Plant Acquisition Adjustment (406)		
Amortization Expense (407)	\$489.00	\$489.00
Taxes Other Than Income (408.10-408.13)	\$10,562.00	\$13,100.00
Utility Operating Expenses	\$785,274.00	\$897,826.00
Utility Operating Income	\$36,063.00	(\$17,495.00)
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)	\$0.00	\$205.00
Total Utility Operating Income	\$36,063.00	(\$17,290.00)
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$1,158.00	\$678.00
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)		
Miscellaneous Nonutility Expenses (426)		\$35,620.00
Total Other Income and Deductions	\$1,158.00	(\$34,942.00)
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408.20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$67,165.00	\$91,668.00
Amortization of Debt Discount and Exp. (428)		

19050 Bracken County Water District 01/01/2005 - 12/31/2005
Comparative Operating Statement (Ref Page: 11)

Amortization of Premium on Debt (429)		
Total Interest Expense	\$67,165.00	\$91,668.00
EXTRAORDINARY ITEMS		
Extraordinary Income (433)		
Extraordinary Deductions (434)		
Total Extraordinary Items	(\$29,944.00)	(\$143,900.00)
NET INCOME BEFORE CONTRIBUTIONS		

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Statement of Retained Earnings 2002 (Ref Page: 12)

Description	
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end.)	
SINKING FUND	\$53,069.00
DEPRECIATION FUND	\$14,366.00
Total Appropriated Retained Earnings	\$67,435.00
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	\$216,700.00
Balance transferred from Net Income Before Contributions (435)	(\$143,900.00)
Changes to account:	
Appropriations of Retained Earnings (436)	\$0.00
Adjustments to Retained Earnings (439)	
(requires Commission approval prior to use)	
Credits	
TRANSFER TO RESERVE	(\$4,880.00)
Debits	
Balance End of Year	\$67,920.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005
 Statement of Retained Earnings (cont. 215.2) (Ref Page: 12)

Description	Piping Fees	Grant	Other
Donated Capital (215.2)			\$3,479,169.00
Balance Beginning of the Year	\$687,676.00	\$2,791,493.00	\$0.00
Credits			
Proceeds from capital contributions (432)	\$680,850.00	\$645,391.00	\$0.00
Other Credits (explain)			\$726,241.00
Debits (explain - requires Commission Approval)			
	\$768,526.00	\$3,436,884.00	\$0.00
Balance End of Year			\$4,205,410.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Net Utility Plant (Accts. 101-106) (Ref Page: 13)

Utility Plant in Service (101)	\$8,323,075.00
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased or Sold (104)	
Construction Work in Progress (105)	\$276,886.00
Completed Construction Not Classified (106)	
Total Utility Plant	\$8,599,961.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Accumulated Depreciation (Acct. 108) (Ref Page: 13)

DEPRECIATION		
Balance First of Year		\$2,081,494.00
Credit during year		
Accruals Charged to Account 108.1		\$0.00
Accruals Charged to Account 108.2		\$0.00
Accruals Charged to Account 108.3		\$0.00
Accruals Charged to Other Accounts (specify)		
(specify)		
Salvage Value Recovered on Plant Retired		\$0.00
Other Credits		
(specify)	DEPRECIATION EXPENSE	\$252,716.00
Total Credits		\$252,716.00
Debits during year:		
Book Cost of Plant Retired		\$0.00
Cost of Removal		\$0.00
Other Debits		
(specify)		
Total Debits		\$0.00
Balance at End of Year		\$2,334,210.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Utility Plant Accounts (Ref Page: 14)

	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)	Accumulated Plant (g)	Supply & Pump	Water Treatment	Transmission and Distribution		
Organization (301)	\$1,122.00	\$0.00	\$0.00	\$1,122.00	\$1,122.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Franchises (302)										
Land and Land Rights (303)	\$9,126.00	\$0.00	\$0.00	\$9,126.00	\$0.00	\$0.00	\$0.00	\$9,126.00	\$0.00	\$0.00
Structures and Improvements (304)	\$12,359.00	\$0.00	\$0.00	\$12,359.00	\$0.00	\$0.00	\$0.00	\$12,359.00	\$0.00	\$0.00
Collecting and Impounding Reservoirs (305)	\$36,900.00	\$0.00	\$0.00	\$36,900.00	\$0.00	\$36,900.00	\$0.00	\$0.00	\$0.00	\$0.00
Lakes, Rivers and Other Intakes (306)	\$110,873.00	\$0.00	\$0.00	\$110,873.00	\$0.00	\$110,873.00	\$0.00	\$0.00	\$0.00	\$0.00
Wells and Springs (307)										
Infiltration Galleries and Tunnels (308)										
Supply Mains (309)										
Power Generation Equipment (310)	\$281,559.00	\$0.00	\$0.00	\$281,559.00	\$0.00	\$281,559.00	\$0.00	\$0.00	\$0.00	\$0.00
Pumping Equipment (311)	\$39,060.00	\$0.00	\$0.00	\$39,060.00	\$0.00	\$39,060.00	\$0.00	\$0.00	\$0.00	\$0.00
Water Treatment Equipment (320)										
Distribution Reservoirs and Standpipes (330)	\$30,535.00	\$0.00	\$0.00	\$30,535.00	\$0.00	\$0.00	\$0.00	\$30,535.00	\$0.00	\$0.00
Transmission and Distribution Mains (331)	\$4,082,462.00	\$3,126,959.00	\$0.00	\$7,209,421.00	\$0.00	\$0.00	\$0.00	\$7,209,421.00	\$0.00	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr (f)	Intangible Plant (g)	Supply & Pump	Water Treatment	Trains and Dist.	General Plant
Services (333)									
Meters and Meter Installations (334)	\$292,449.00	\$26,751.00	\$0.00	\$319,200.00	\$0.00	\$0.00	\$0.00	\$319,200.00	\$0.00
Hydrants (335)									
Backflow Prevention Devices (336)									
Other Plant and Misc. Equipment (339)	\$21,687.00	\$0.00	\$0.00	\$21,687.00	\$0.00	\$0.00	\$0.00	\$21,687.00	\$0.00
Office Furniture and Equip. (340)	\$52,285.00	\$6,720.00	\$0.00	\$59,005.00	\$0.00	\$0.00	\$0.00	\$0.00	\$59,005.00
Transportation Equipment (341)	\$41,591.00	\$0.00	\$0.00	\$41,591.00	\$0.00	\$0.00	\$0.00	\$0.00	\$41,591.00
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)	\$417.00	\$0.00	\$0.00	\$417.00	\$0.00	\$0.00	\$0.00	\$0.00	\$417.00
Laboratory Equipment (344)									
Power Operated Equipment (345)	\$61,653.00	\$0.00	\$0.00	\$61,653.00	\$0.00	\$0.00	\$0.00	\$0.00	\$61,653.00
Communication Equipment (346)	\$88,567.00	\$0.00	\$0.00	\$88,567.00	\$0.00	\$0.00	\$0.00	\$0.00	\$88,567.00
Miscellaneous Equipment (347)									
Other Tangible Plant (348)									
Total Water Plant	\$5,162,645.00	\$3,160,430.00	\$0.00	\$8,323,075.00	\$1,122.00	\$468,392.00	\$0.00	\$7,602,328.00	\$251,233.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg. Yr (e)	Pr. Chg. Dep. Exp'd	Other Acc'd (e)	Change Plant Bal.	Other Acc'd (e)	Balance End Yr
Organization (301)	\$574.00	\$22.00	\$0.00	\$0.00	\$0.00	\$596.00
Franchises (302)						
Land and Land Rights (303)						
Structures and Improvements (304)	\$14,427.00	\$536.00	\$0.00	\$0.00	\$0.00	\$14,963.00
Collecting and Impounding Reservoirs (305)	\$35,994.00	\$906.00	\$0.00	\$0.00	\$0.00	\$36,900.00
Lake, River and Other Intakes (306)						
Wells and Springs (307)	\$76,349.00	\$3,168.00	\$0.00	\$0.00	\$0.00	\$79,517.00
Infiltration Galleries and Tunnells (308)						
Supply Mains (309)						
Power Generating Equipment (310)	\$198,603.00	\$9,045.00	\$0.00	\$0.00	\$0.00	\$207,648.00
Pumping Equipment (311)						
Water Treatment Equipment (320)	\$3,289.00	\$116.00	\$0.00	\$0.00	\$0.00	\$3,405.00
Distributions Reservoirs and Standpipes (330)	\$11,556.00	\$872.00	\$0.00	\$0.00	\$0.00	\$12,428.00
Transmission and Distribution Mains (331)	\$1,506,735.00	\$199,779.00	\$0.00	\$0.00	\$0.00	\$1,706,514.00
Services (333)						
Meters and Meter Installations (334)	\$158,651.00	\$16,629.00	\$0.00	\$0.00	\$0.00	\$175,280.00
Hydrants (335)						
Backflow Prevention Devices (336)						

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg Yr (c)	Cr. Chg Dep Exp (d)	Other Credits (e)	Charges Plant Item	Cr. Chg (f)	Balance End Yr (a)
Other Plant and Miscellaneous Equipment (339)	\$6,484.00	\$542.00	\$0.00	\$0.00	\$0.00	\$7,026.00
Office Furniture and Equip (340)	\$35,660.00	\$6,349.00	\$0.00	\$0.00	\$0.00	\$42,009.00
Transportation Equipment (341)	\$13,682.00	\$10,325.00	\$0.00	\$0.00	\$0.00	\$24,007.00
Stores Equipment (342)						
Tools, Shop and Garage Equip (343)	\$417.00	\$0.00	\$0.00	\$0.00	\$0.00	\$417.00
Laboratory Equipment (344)						
Power Operated Equipment (345)	\$19,073.00	\$4,427.00	\$0.00	\$0.00	\$0.00	\$23,500.00
Communication Equipment (346)						
Miscellaneous Equipment (347)						
Other Tangible Plant (348)						
Totals	\$2,081,494.00	\$252,716.00	\$0.00	\$0.00	\$0.00	\$2,334,210.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Accumulated Amortization (Acct. 110) (Ref Page: 16)

Description	
Balance First of Year	\$0.00
Credit during year:	
Accruals Charged to Account 110.1	\$0.00
Accruals Charged to Account 110.2	\$0.00
Other Credits	
(specify)	
Total Credits	\$0.00
Debits during year:	
Book Cost of Plant Retired	\$0.00
Other Debits	
(specify)	
Total Debits	\$0.00
Balance end of Year	

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Utility Plant Acquisition Adjustments (Accts. 114-115) (Ref Page: 16)

Description	
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Acquisition Adjustments (114)

(specify)

\$0.00

Total Plant Acquisition Adjustments

Accumulated Amortization (115)

(specify)

\$0.00

Total Accumulated Amortization

Net Acquisition Adjustments

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Investments and Special Funds (Ref Page: 17)

Description (A)	Face of Fair Value (B)	Fair Value (C)
Investment in Associated Companies (123)		
Total Investment in Associated Companies		\$0.00
Utility Investments (124)		
Total Utility Investments		\$0.00
Other Investments (125)		
Total Other Investments		\$0.00
Sinking Funds (126)		
Total Sinking Funds	\$0.00	\$0.00
Other Special Funds (127)		
Total Other Special Funds	\$0.00	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Description	Total
Accounts and Notes Receivable	
Customer Accounts Receivable (141)	\$73,861.00
Other Accounts Receivable (142)	
Total Other Accounts Receivable	\$0.00
Notes Receivable (144)	
Total Notes Receivable	\$0.00
Total Accounts and Notes Receivable	\$73,861.00
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	\$3,500.00
Add:	
Provision for uncollectibles for current year	\$0.00
Collections of account previously written off	\$0.00
Other	
(specify)	
Total Additions	\$0.00
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	\$0.00
Balance end of Year	\$3,500.00
Total Accounts and Notes Receivable - Net	\$70,361.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Materials and Supplies (151-153) (Ref Page: 19)

Plant Materials and Supplies (151)	\$37,775.00
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$37,775.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Prepayments (Acct. 162) (Ref Page: 19)

Description	03/31
Prepaid Insurance	\$13,123.00
Prepaid Rents	\$0.00
Prepaid Interest	\$0.00
Prepaid Taxes	\$0.00
Other Prepayments (Specify)	\$13,123.00
Total Prepayments	

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Miscellaneous Deferred Debits (Acct. 186) (Ref Page: 20)

Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	
Other Deferred Debits (186.2)	
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Unamortized Debt Discount and Expense and Premium on Debt (Accts 181 and 251) (Ref Page: 20)

Description	Amortization Credit	Balance
Unamortized Debt Discount and Expense (181)	\$489.00	\$3,427.00
Total Unamortized Debt Discount and Expense	\$489.00	\$3,427.00
Unamortized Premium on Debt (251)	\$0.00	\$0.00
Total Unamortized Premium on Debt	\$0.00	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005
Extraordinary Property Losses (Acct. 182) (Ref Page: 21)



Extraordinary Property Losses (182)

(Specify)

Total Extraordinary Property Losses

19050 Bracken County Water District 01/01/2005 - 12/31/2005
Advances for Construction (Acct. 252) (Ref Page: 21)

TOTAL

Balance First of Year

Add credits during year

Deduct charges during year

Balance end of year

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Long Term Debt (Ref Page: 22)

Description of Obligation (a)	Issue Date (b)	Mature Date (c)	Interest Expense for Year Rate (d)	Interest Expense for Year Amount (e)	Principal Balance
NOTES PAYABLE - FIRST NATIONAL BANK OF BROOKSVILLE	08/02/95	2007	7.0000	\$6,075.00	\$0.00
NOTE PAYABLE - FIRST NATIONAL BANK OF BROOKSVILLE	03/09/04	2008	7.0000	\$1,518.00	\$35,588.00
NOTE PAYABLE - BUFFALO TRACE AREA DEVELOPMENT	08/30/00	2010	4.0000	\$1,711.00	\$38,729.00
NOTE PAYABLE - FIRST NATIONAL BANK OF BROOKSVILLE	08/29/05	2006	6.0000	\$0.00	\$94,182.00
Total			0.0000	\$9,304.00	\$168,499.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Bonds - Account 221 (Ref Page: 23)

Par Value of Actual Issue (1)	Cash Realized on Actual Issue(2)	Par Value of Amt. Held by Other Respondent(s)	Actual Outstanding at Close of Reporting Period(3)	Interest Being Accrued(4)	Amortizing (5)
\$928,000.00	\$928,000.00	\$928,000.00	\$893,543.00	\$27,584.00	\$27,584.00
\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$10,680.00	\$10,680.00
\$980,000.00	\$980,000.00	\$980,000.00	\$970,000.00	\$44,100.00	\$44,100.00
Total	\$2,108,000.00	\$2,108,000.00	\$2,063,543.00	\$82,364.00	\$82,364.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt. (10)	Amounts Paid (11)	Remaining Bonds
ALL BONDS	2005	3.7500	\$44,457.00	\$44,457.00	\$0.00
	2006	3.7500	\$35,498.00	\$0.00	\$35,498.00
	2007	3.7500	\$46,572.00	\$0.00	\$46,572.00
	2008	3.7500	\$72,677.00	\$0.00	\$72,677.00
	2009	3.7500	\$74,816.00	\$0.00	\$74,816.00
	2010	3.7500	\$50,990.00	\$0.00	\$50,990.00
	2011	3.7500	\$128,197.00	\$0.00	\$128,197.00
	2012	3.7500	\$129,443.00	\$0.00	\$129,443.00
	2013	3.7500	\$56,726.00	\$0.00	\$56,726.00
	2014	3.7500	\$58,047.00	\$0.00	\$58,047.00
	2015	3.7500	\$60,409.00	\$0.00	\$60,409.00
	2016	3.7500	\$62,812.00	\$0.00	\$62,812.00
	2017	3.7500	\$64,257.00	\$0.00	\$64,257.00
	2018	3.7500	\$66,746.00	\$0.00	\$66,746.00
	2019	3.7500	\$69,279.00	\$0.00	\$69,279.00
	2020	3.7500	\$71,859.00	\$0.00	\$71,859.00
	2021	3.7500	\$74,487.00	\$0.00	\$74,487.00
	2022	3.7500	\$76,164.00	\$0.00	\$76,164.00
	2023	3.7500	\$78,892.00	\$0.00	\$78,892.00
	2024	3.7500	\$81,672.00	\$0.00	\$81,672.00
	2025	3.7500	\$22,000.00	\$0.00	\$22,000.00
	2026	3.7500	\$23,000.00	\$0.00	\$23,000.00
	2027	3.7500	\$24,000.00	\$0.00	\$24,000.00
	2028	3.7500	\$26,000.00	\$0.00	\$26,000.00
	2029	3.7500	\$27,000.00	\$0.00	\$27,000.00
	2030	3.7500	\$28,000.00	\$0.00	\$28,000.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt (10)	Amounts Paid (11)	Remaining Bond Outstanding (12)
	2031	3.7500	\$29,000.00	\$0.00	\$29,000.00
	2032	3.7500	\$31,000.00	\$0.00	\$31,000.00
	2033	3.7500	\$32,000.00	\$0.00	\$32,000.00
	2034	3.7500	\$34,000.00	\$0.00	\$34,000.00
	2035	3.7500	\$35,000.00	\$0.00	\$35,000.00
	2036	3.7500	\$37,000.00	\$0.00	\$37,000.00
	2037	3.7500	\$39,000.00	\$0.00	\$39,000.00
	2038	3.7500	\$41,000.00	\$0.00	\$41,000.00
	2039	3.7500	\$43,000.00	\$0.00	\$43,000.00
	2040	3.7500	\$45,000.00	\$0.00	\$45,000.00
	2041	3.7500	\$47,000.00	\$0.00	\$47,000.00
	2042	3.7500	\$49,000.00	\$0.00	\$49,000.00
	2043	3.7500	\$51,000.00	\$0.00	\$51,000.00
	2044	3.7500	\$41,000.00	\$0.00	\$41,000.00
Total			\$2,108,000.00	\$44,457.00	\$2,063,543.00
(The total of Column 12 must agree with the total of col 4)					

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Notes Payable (Accts 232 and 234) (Ref Page: 24)

Description	Nominal Date of Issue	Date of Maturity	Int. Rate	Int. Payment	Principal
Account 232 - Notes Payable					
				0	
Total Account 232				\$0.00	\$0.00
Account 234 - Notes Payable to Associated Companies					
					0
Total Account 234				\$0.00	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005
Accounts Payable to Associated Companies (Acct. 233) (Ref Page: 24)

Description

Show Payable to Each Associated Company Separately

(Specify)

Total

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Taxes Accrued (Acct. 236) (Ref Page: 25)

Balance First of Year	\$5,585.00
Accruals Charged:	
Utility regulatory assessment fees (408.10)	\$1,372.00
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$11,728.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$13,100.00
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	\$1,372.00
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$11,019.00
Other taxes and licenses (408.13)	
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$12,391.00
Balance end of year	\$6,294.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Accrued Interest (Account 237) 2002 (Ref Page: 25)

Description of Debt (a)	Balance Beg. of Year (b)	Interest Accrued (c)	Interest Paid (d)	Balance End of Year (e)
Long Term Debt:				
NOTE PAYABLE - FIRST NATIONAL BANK OF BROOKSVILLE		\$6,075.00	\$6,075.00	\$0.00
NOTE PAYABLE - FIRST NATIONAL BANK OF BROOKSVILLE		\$1,518.00	\$1,518.00	\$0.00
NOTE PAYABLE - BUFFALO TRACE AREA DEVELOPMENT		\$1,711.00	\$1,711.00	\$0.00
KIA BOND - 02-10		\$27,584.00	\$27,584.00	\$0.00
KIA BOND - 2004 A/B		\$10,680.00	\$10,680.00	\$0.00
RURAL DEVELOPMENT BOND		\$44,100.00	\$44,100.00	\$0.00

Notes Payable:

Customer Deposits:

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Accrued Interest (Account 237) 2002 (Ref Page: 25)

Description of Debt (a)	Balance Beg. of Year (b)	Interest Accrued (c)	Interest Paid (d)	Balance End of Year (e)
Other				
Total Acct. No 237		\$91,668.00	\$91,668.00	\$0.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Miscellaneous Current and Accrued Liabilities (Acct. 242) (Ref Page: 26)

Description			
			\$8,366.00
			\$8,366.00
ACCRUED WAGES AND VACATION			
Total Miscellaneous Current and Accrued Liabilities			

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
Operating Revenues			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	1,949	2,105	\$608,688.00
Sales to Commercial Customers (461.2)	49	46	\$110,387.00
Sales to Industrial Customers (461.3)			
Sales to Public Authorities (461.4)			
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)	0	0	\$4,398.00
Total Metered Sales	1,998	2,151	\$723,473.00
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)			
Interdepartmental Sales (467)			
Total Sales of Water	1,998	2,151	\$723,473.00
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			\$0.00
Miscellaneous Service Revenues (471)			\$36,666.00
Rents from Water Property (472)			\$0.00
Interdepartments Rents (473)			\$0.00
Other Water Revenues (474)			\$120,192.00
Total Other Water Revenues			\$156,858.00

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	
--	--------------------------	--------------------	--

Total Water Operating Revenues

\$880,331.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp Op (d)	Supply and Exp Maint (e)	Water Treatment Exp Op (f)	Water Treatment Exp Maint (g)	Trans and Dist Exp Op (h)	Trans and Dist Exp Maint (i)	Customer Fees (j)	Admin and Con Exp (k)
Salaries and Wages-Employees (601)	\$142,115.00	\$29,270.00	\$0.00	\$0.00	\$0.00	\$0.00	\$59,700.00	\$0.00	\$53,145.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$7,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,200.00
Employee Pensions and Benefits (604)									
Purchased Water (610)	\$279,721.00	\$279,721.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)	\$33,902.00	\$33,902.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fuel for Power Production (616)									
Chemicals (618)									
Materials and Supplies (620)	\$34,276.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$34,276.00	\$0.00	\$0.00
Contractual Services - Eng. (631)									
Contractual Services - Acct. (632)	\$3,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,500.00
Contractual Services - Legal (633)									
Contractual Services - Management Fees (634)									

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (b)	Supply and Exp. (c)	Supply and Exp. Maint. (e)	Water Treatment Exp. (b)(1)	Water Treatment Exp. Maint. (d)	Pumps and Disinfectants (b)(2)	Pumps and Disinfectants Exp. Maint. (f)	Customer Accounts (b)(3)	Customer Accounts Maint. (g)
Contractual Serves - Water Testing (635)									
Contractual Services - Other (636)	\$22,391.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$22,391.00	\$0.00	\$0.00
Rental of Bld./Real Property (641)	\$7,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,200.00
Rental of Equipment (642)									
Transportation Expenses (650)	\$20,065.00	\$20,065.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance - Vehicle (656)									
Insurance - General Liability (657)	\$7,195.00	\$7,195.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance - Worker's Compensation (658)	\$6,724.00	\$6,724.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance - Other (659)	\$35,608.00	\$35,608.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Advertising Expenses (660)									
Regulatory Commission Exp. - Amortization of Rate Case (666)									
-Other (667)									

19050 Bracken County Water District 01/01/2005 - 12/31/2005
 Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp (b) (d)	Supply and Exp Maint (a)	Water Treatment Exp (c) (f)	Water Treatment Exp Maint (e)	Trains and Dist Exp (c) (g)	Trains and Dist Exp Maint (h)	Customer Acc Admin and Cap Exp (c) (i)	
Water Resource Conservation Expense (668)	\$16.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16.00	\$0.00
Bad Debt (670)	\$31,608.00	\$3,046.00	\$0.00	\$4,539.00	\$0.00	\$0.00	\$0.00	\$0.00	\$24,023.00
Miscellaneous Expenses (675)	\$631,521.00	\$415,531.00	\$0.00	\$4,539.00	\$0.00	\$0.00	\$0.00	\$16.00	\$95,068.00
Total									

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Pumping and Water Statistics - part one (Ref Page: 29)

	Water Purchased For Resale (Omit 000's) (b)	Water Pumped from Wells (Omit 000's) (c)	Total Water Pumped and Purchased (Omit 000's) (d)	Water Sold to Customers (Omit 000's) (e)
January	13,841	0	13,841	11,639
February	13,777	0	13,777	10,421
March	12,436	0	12,436	9,492
April	13,801	0	13,801	11,040
May	12,338	0	12,338	10,133
June	16,055	0	16,055	13,471
July	16,754	0	16,754	17,052
August	18,350	0	18,350	16,024
September	18,763	0	18,763	17,643
October	16,675	0	16,675	11,380
November	15,962	0	15,962	12,225
December	14,684	0	14,684	11,776
Total for the year	183,436	0	183,436	152,296

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Pumping and Water Statistics - part two (Ref Page: 29)

	Gallons	
Maximum Gallons pumped by all methods in any one day (Omit 000's)	877	11/15/2005
Minimum Gallons pumped by all methods in any one day (Omit 000's)	352	06/15/2005

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Pumping and Water Statistics - part three (Ref Page: 29)

If water is purchased indicate the following:

Vendor

CITY OF AUGUSTA

Point of Delivery

AUGUSTA WATER PLANT

If water is sold to other water utilities for redistribution

list names of such utilities below:

CITY OF BROOKSVILLE

19050 Bracken County Water District 01/01/2005 - 12/31/2005
 Sales For Resale (466) (Ref Page: 30)

Company	Gallons (Millions)	Avg. Rate Per 1000 Gallons (Cents)	
CITY OF BROOKSVILLE	23,006	\$2.24	\$51,533.00
Total	23,006		\$51,533.00

19050 Bracken County Water District 01/01/2005 - 12/31/2005

Water Statistics (Ref Page: 30)

Gallons (2000)

1. Water Produced, Purchased and Distributed		
2. Water Produced		0
3. Water Purchased		183,436
4. Total Produced and Purchased		183,436
6. Water Sales:		
7. Residential		127,179
8. Commercial		0
9. Industrial		0
10. Bulk Loading Stations		2,111
11. Resale		23,006
12. Other Sales		0
13. Total Water Sales		152,296
15. Other Water Used		
16. Utility/water treatment plant		0
17. Wastewater plant		0
18. System flushing		0
19. Fire department		0
20. Other		15,707
21. Total Other Water Used		15,707
23. Water Loss:		
24. Tank Overflows		0
25. Line Breaks		0
26. Line Leaks		0
27. Other		15,432
28. Total Line Loss		15,432

Note: Line 13 + Line 21 + Line 28 must equal Line 4

32. Water Loss Percentage

33. Line /ided by Line 4

2/13/2006

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19050 Bracken County Water District 01/01/2005 - 12/31/2005

Plant Statistics (Ref Page: 31)

Number of fire hydrants, by size	29-6" HYDRANTS; 12-3" HYDRANTS
Number of private fire hydrants, by size	N/A
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well	WELL WATER PURCHASED FROM CITY OF AUGUSTA
If produced whether supply is by gravity, pumping or a combination	PUMPING
Type, capacity, and elevation of reservoirs at overflow and ground level	BERLIN TANK - 125,000 GAL., 980 FT. GROUND LEVEL, 1076 FT. OVERFLOW LEVEL; BERLIN ELEVATED TANK - 250,000 GAL. 990 FT. GROUND LEVEL, 1100 FT. OVERFLOW LEVEL; FOSTER TANK - 55,000 GAL., 20 FT. GROUND LEVEL, 640 FT. OVERFLOW LEVEL; BLUEGRASS TANK - 120,000 GAL. 965 FT. GROUND LEVEL, 1058 FT. OVERFLOW LEVEL; INDUSTRIAL TANK - 300,000 GAL. 921 FT. GROUND LEVEL, 1058 FT. OVERFLOW LEVEL; CHATHAM TANK - 300,000 GAL., 931 FT. GROUND LEVEL, 1058 FT. OVERFLOW LEVEL.
Miles of main by size and kind	8" TRANSITE - 1 MILE; 6" TRANSITE - 3 MILES; 4" TRANSITE - 12 MILES; 3" TRANSITE 4 MILES; 3" PLASTIC - 4 MILES; 2.5" PLASTIC - 1 MILE; 2" PLASTIC 4 MILES; 4" PLASTIC 1 MILE; 20 MILES OF 2, 3, 4, & 6 INCH TRANSITE PIPE; 70 MILES OF 3, 4, & 6 INCH PVC LINES; 45 MILES OF 8, 10, & 12 INCH PVC LINES
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.	NONE
Type of disinfectant, number of units and capacity in pounds per 24 hours	1 GAS. 5 LBS. PER DAY
Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty	2-125 HP BOOSTER PUMPS; 2-10 HP BOOSTER PUMPS
Quantity of fuel used: coal in lbs., gas in cu. ft., oil in gals., and electric in KWH	ELECTRIC
Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report	NONE
Capacity of clear well	250,000 CLEAR WELL
Peak month, in gallons of water sold	SEPTEMBER 2005 - 17,642,800 GALLONS
Peak day, in gallons of water sold	JANUARY 31, 2005 - 877,000 GALLONS



Choose one to indicate the type of Water Supply

Well

Plant Statistics - Part C (Ref Page: 31)



Choose one to indicate the type of Water Supply Method

Pumping

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.				
Identifications pages (ref 4-6) have been completed.				
Balance Sheet - Assets and Other Debts (ref. pg 7)				
Utility Plant (Accts 101-106) agrees with Sched: Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant	8599961.00	8599961.00	OK	
Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	2334210.00	2334210.00	OK	
Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Acquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	0	0	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	0	0	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	70361.00	70361.00	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	37775.00	37775.00	OK	

19050 Bracken County Water District 01/01/2005 - 12/31/2005

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	13123.00	13123.00	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	3427.00	3427.00	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debits agrees with Sched: Misc. Deferred Debits (ref pg 20) Line: Total 186	0	0	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	67435.00	67435.00	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	67920.00	67920.00	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	4205410.00	4205410.00	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	2063543.00	2063543.00	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	2063543.00	2063543.00	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	168499.00	168499.00	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	0	0	OK	

19050 Bracken County Water District 01/01/2005 - 12/31/2005

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233	0	0	OK	
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234	0	0	OK	
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	5585.00	5585.00	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	6294.00	6294.00	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	0	0	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	0	0	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	8366.00	8366.00	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamorted Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251	0	0	OK	
Accts 252 Advances for Contruction agrees with Sched: Advances for Contstruction (Accts 252) (ref pg 21) Line: Total 252	0	0	OK	
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits Comparitive Operating Statement (ref pg 10)	6667250.00	6667250.00	OK	

19050 Bracken County Water District 01/01/2005 - 12/31/2005

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	880331.00	880331.00	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	631521.00	631521.00	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	13100.00	13100.00	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	13100.00	13100.00	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	91668.00	91668.00	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	-143900.00	-143900.00	OK	
Miscellaenous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	8323075.00	8323075.00	OK	
The analysis of water utility plant accounts Cols c though k has been completed (Ref pg 14)				COMPLETE
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				COMPLETE
Sched: Misc. Deffered Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	0	0	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				COMPLETE

19050 Bracken County Water District 01/01/2005 - 12/31/2005

CheckList (2002)

Item	Value 1	Value 2	Agree	Explain
Schedule of Bond Maturities has been completed (ref pg 23)				COMPLETE
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				COMPLETE
The analysis of water opertating revenue Cols c,d and e have been completed. (Ref pg 28)				COMPLETE
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				COMPLETE
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				COMPLETE
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	183436	183436	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	152296	152296	OK	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	23006	23006	OK	
Oath Page Has been Completed				COMPLETE

OATH

Commonwealth of Kentucky)
) ss:
County of Bracken)

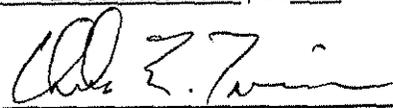
Charles Tarvin makes oath and says
(Name of Officer)

that he/she is Chairperson of
(Official Title of Officer)

Bracken County Water District
(Exact legal title or name of respondent)

that it is his/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, have been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, have been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 2005, to and including December 31, 2005


(Signature of Officer)

Subscribed and sworn to before me, a Notary Public, in and for
the State and county named above this 17th day of Feb, 2006

(Apply Seal Here)

My Commission expires 4/3/06

Diana Moran
(Signature of officer authorized to administer oath)

[Persons making willful false statements in this report may be punished by fine or imprisonment under KRS 523.040 and 523.100.]

KENTUCKY PUBLIC SERVICE COMMISSION
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 20 05

Bracken County Water District
(Utility Reporting)

Brooksville, Kentucky
(Address)

FEIN # (Federal Employer Identification Number)

Table with 10 columns containing the FEIN number: 6, 1, -, 0, 6, 5, 1, 4, 1, 3

(DO NOT INCLUDE TAXES COLLECTED)

Table listing gross revenues: (1) Gross Revenues of Electric Utility, (2) Gross Revenues of Gas Utility, (3) Gross Revenues of Water Utility (880,331), (4) Gross Revenues of Sewer Utility, (5) Other Operating Revenues, and *** TOTAL GROSS REVENUES (880,331).

OATH

State of Kentucky)
County of Bracken) ss.

Charles Tarvin being duly sworn, states that she is
(Officer)

Chairman of the Bracken County Water District that the above
(Official Title) (Utility Reporting)

report of gross revenues is in exact accordance with Bracken County Water District, and that such
(Utility Reporting)

books accurately show the gross revenues of: Bracken County Water District, derived from
(Utility Reporting)

Intra-Kentucky business for the calendar year ending December 31,

Handwritten signature and title of Charles Tarvin

This the 17th day of Feb 20 06

Diana Moran Bracken 4/3/06
(Notary Public) (County) (Commission Expires)

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE
ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE
RECONCILED ON THE REVERSE OF THIS REPORT.

**BRACKEN COUNTY WATER DISTRICT
BROOKSVILLE, KENTUCKY
AUDITED FINANCIAL STATEMENTS
For the Years Ended December 31, 2005 and 2004**

JAMES H. SMITH, CPA, PSC
Certified Public Accountant
2202 Old Main Street
Maysville, Kentucky 41056
(606) 759-0606

BRACKEN COUNTY WATER DISTRICT
BROOKSVILLE, KENTUCKY
Years Ended December 31, 2005 and 2004

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James H. Smith, CPA, PSC

Certified Public Accountant

2202 Old Main Street
Maysville, KY 41056

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Member
American Institute of CPA's
Kentucky Society of CPA's

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Bracken County Water District
Brooksville, Kentucky 41004

We have audited the accompanying financial statements of the business-type activities of Bracken County Water District as of and for the years ended December 31, 2005 and 2004, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Bracken County Water District as of December 31, 2005 and 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the years 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 a report dated January 10, 2006 on our consideration of the Bracken County Water District's internal control structure and over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. 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 on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Bracken County Water District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying supplemental information on pages 21 and 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


JAMES H. SMITH, CPA, PSC
Maysville, Kentucky

January 10, 2006

**BRACKEN COUNTY WATER DISTRICT
BROOKSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
YEARS ENDED DECEMBER 31, 2005 and 2004**

As management of the Bracken County Water District, (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended December 31, 2005 and 2004. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The District continues to show a net operating income before depreciation- \$235,710 in 2005, which is comparable to the net operating income before depreciation of \$168,127 in 2004. After deduction of depreciation, interest expense, etc. the year's results show net loss of \$143,900 for 2005 (\$29,944 in 2004).
- The District completed construction on the Southwestern Project water line extension. The final cost of the project was \$3,126,958.
- The District started a new project in 2005 called the Delisle Curve Water Project. A grant of \$265,000 was received from the Kentucky Infrastructure Authority and was used for preliminary work. An additional amount of \$2,500,000 will be borrowed from Kentucky Rural Water Finance Corporation to complete the project.
- The District continues to be well above the Rural Development requirements that adjusted net income exceed 120% of annual debt service requirements.
- The unaccounted for water loss for 2005 was 8% compared to 12% in 2004. Both percentages are within the range considered acceptable by the Public Service Commission. The District continues an active program of locating and repairing water leaks in order to control the cost of water purchased.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) government-wide financial statements, and 2) notes to the financial statements.

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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

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 financial statements. The notes to the financial statements follow the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,340,765 of December 31, 2005 and \$3,758,424 as of December 31, 2004.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings and related improvements less any related outstanding debt used to acquire those assets.) The District uses these capital assets to provide water services for Bracken County residents.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, and the acquisition and disposal of capital assets.

Net Assets for the periods ending December 31, 2005 and 2004

The following is a comparison of principal net asset categories for 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Current Assets	\$ 214,000	\$ 237,000
Noncurrent Assets	<u>6,453,000</u>	<u>5,882,000</u>
Total Assets	6,667,000	6,119,000
Current Liabilities	247,000	167,000
Noncurrent Liabilities	<u>2,079,000</u>	<u>2,193,000</u>
Total Liabilities	2,326,000	2,360,000
Net Assets	\$ 4,341,000	\$3,759,000

Revenue and Expense Activity for the years ended December 31, 2005 and 2004

The following table presents a summary of revenues and expense for the fiscal year that ended December 31, 2005, with comparison to 2004.

	<u>2005</u>	<u>2004</u>
Revenues:		
Local Sources	\$ 925,000	\$ 861,000
Federal Revenue Sources	645,000	947,000
State Revenue Sources	-0-	560,000
Other Sources	<u>37,000</u>	<u>23,000</u>
Total revenues	\$ 1,607,000	\$2,391,000
Expenses:		
Purchased Water	\$ 279,000	\$ 275,000
Contract Services	26,000	24,000
Salaries	149,000	150,000
Depreciation	253,000	132,000
Interest Expense	92,000	67,000
Other Operating Expense	<u>226,000</u>	<u>203,000</u>
Total expenses	\$1,025,000	\$ 851,000
Revenue in Excess of Expense	\$ 582,000	\$1,540,000

Federal and State Contributions decreased in 2005 resulting in a smaller positive net income in the current year.

Questions regarding this report should be directed to the Chair of the Board of Commissioners, Charles Tarvin, or to the Office Manager, Diana Moran, or by mail at:

Bracken County Water District
P.O. Box 201
Brooksville, Kentucky 41004

BASIC FINANCIAL STATEMENTS

**BRACKEN COUNTY WATER DISTRICT
BALANCE SHEETS
December 31, 2005 and 2004**

	2005	2004
ASSETS		
Current Assets		
Cash	\$ 93,077	\$ 102,426
Accounts Receivable - Customers, Net of Allowance for Uncollectible (2005 & 2004 -\$3,500)	70,361	67,112
Inventory of Supplies - at cost	37,775	63,510
Prepaid Insurance	13,123	4,546
TOTAL CURRENT ASSETS	214,336	237,594
Restricted Assets		
Cash and Certificates of Deposit	153,962	150,396
Reserve Investment at KIA	29,774	-
	183,736	150,396
Fixed Assets - Utility Plant - at cost		
Property, Plant and Equipment	8,323,075	5,162,645
Less Accumulated Depreciation	(2,334,210)	(2,081,494)
Construction-in-Progress	276,886	2,609,835
	6,265,751	5,690,986
Other Assets		
Bond Issue Costs	3,427	3,916
K.U. Line Deposit Refund Receivable	-	35,620
	3,427	39,536
TOTAL ASSETS	\$ 6,667,250	\$ 6,118,512
LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS		
Current Liabilities		
Accounts Payable	\$ 30,841	\$ 30,740
Customer Deposits	48,942	36,513
Accrued Wages and Vacation Pay	8,366	12,354
Taxes Payable	6,294	5,585
Current Portion of Long-Term Debt	152,920	82,309
TOTAL CURRENT LIABILITIES	247,363	167,501
Long-term Debt		
Notes Payable, Net of Current Portion	2,079,122	2,192,587
TOTAL LIABILITIES	2,326,485	2,360,088
Contributed Capital and Retained Earnings		
Reserves	67,435	62,555
Contributed Capital		
Customer Contributions	768,526	687,676
State Grants in Aid of Construction	1,159,004	1,159,004
Federal Grants in Aid of Construction	2,277,880	1,632,489
Retained Earnings - Unappropriated	67,920	216,700
	4,340,765	3,758,424
TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND RETAINED EARNINGS	\$ 6,667,250	\$ 6,118,512

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

BRACKEN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
For The Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
OPERATING INCOME		
Water Sales	\$ 719,075	\$ 673,898
Bulk Water Sales	4,398	5,489
Surcharge	120,192	119,007
Other Service	36,666	22,943
Total Operating Income	880,331	821,337
OPERATING EXPENSES		
Water Purchased	279,721	275,333
Salaries	149,315	149,511
Electricity	33,902	23,417
Maintenance	20,065	37,517
Operation Supplies and Expenses	34,276	36,604
Insurance	49,527	57,021
Office Supplies and Expense	17,794	17,561
Outside Services	25,891	23,556
Rent	7,200	7,200
Miscellaneous	13,814	13,231
Bad Debt Expense	16	429
Regulatory Commission Expense	1,372	1,268
Payroll Taxes	11,728	10,562
Total Operating Expenses	644,621	653,210
Operating Income Before Depreciation	235,710	168,127
Depreciation Expense	(252,716)	(131,575)
Amortization Expense	(489)	(489)
Gain on Sale of Equipment	205	-
OPERATING INCOME	(17,290)	36,063
Non-operating Income (Expenses)		
Interest Income	678	1,158
KU Line Deposit Expense	(35,620)	-
Interest Expense	(91,668)	(67,165)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(143,900)	(29,944)
Proceeds From Capital Contributions		
Federal Contributions in Aid of Construction, Through KIA and RD	645,391	947,289
State Contributions in Aid of Construction	-	560,000
Customer Tap Fees	80,850	62,318
	<u>726,241</u>	<u>1,569,607</u>
NET INCOME (LOSS) AFTER CONTRIBUTIONS	582,341	1,539,663
Retained Earnings - Beginning of Year	216,700	222,757
Transfer From (To) Reserves and Contributed Capital	(731,121)	(1,545,720)
RETAINED EARNINGS - END OF YEAR	\$ 67,920	\$ 216,700

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

**BRACKEN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2005 and 2004**

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From Customers	\$ 852,845	\$ 783,888
Payments to Suppliers	(465,610)	(497,704)
Payments to Employess	(165,031)	(147,719)
Other Receipts (Payments)	36,666	31,240
	258,870	169,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction (Addition) to Restricted Investment	(29,774)	75,468
Interest Income	678	1,158
	(29,096)	76,626
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds From Capital Debt	94,182	1,178,319
Principal Paid on Capital Debt	(137,036)	(293,614)
Purchases of Capital Assets	(33,472)	(106,519)
Payments for New Line Extensions	(794,009)	(2,649,325)
Contributed Capital-Tap Fees	80,850	62,318
Contributed Capital - Federal Grants	645,391	947,289
Contributed Capital - State Grants	-	560,000
Proceeds From Sale of Asset	205	-
Interest Paid on Capital Debt	(91,668)	(67,165)
	(235,557)	(368,697)
NET INCREASE (DECREASE) IN CASH	(5,783)	(122,366)
Cash and Cash Equivalents - At Beginning of Year	252,822	375,188
CASH AND CASH EQUIVALENTS - AT END OF YEAR	\$ 247,039	\$ 252,822
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (17,290)	\$ 36,063
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	252,716	131,575
Amortization Expense	489	489
Gain on Sale of Equipment	(205)	-
Change in Assets and Liabilities:		
Accounts Receivable, Net	(3,249)	(14,506)
Inventores	25,735	-
Prepaid Expense	(8,577)	(4,546)
Accounts Payable and Other Payables	810	(21)
Customer Deposits	12,429	8,297
Accrued Wages and Vacation	(3,988)	12,354
	\$ 258,870	\$ 169,705
Net Cash Provided (Used) by Operating Activities	\$ 258,870	\$ 169,705

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

BRACKEN COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended December 31, 2005 and 2004

NOTE 1: ORGANIZATION AND ACCOUNTING POLICIES

The Bracken County Water District was created and organized as a public body corporate in Bracken County, Kentucky, pursuant to Chapter 74 of the Kentucky Revised Statutes, by the Bracken County Fiscal Court to operate a water distribution system.

The Bracken County Water District's financial statements include the operations of all entities for which the District exercises oversight responsibility. Oversight responsibility includes, but is not limited to financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The entities included in the financial statements are the general operations of the District. Bracken County Water District No. 1 merged with Western Bracken County Water District effective December 27, 1995 by order of the Public Service Commission.

The District maintains its accounting records on the accrual basis during the year.

Fixed assets are recorded at cost. Depreciation has been provided using the straight-line method.

Inventory is maintained at lower of cost or market.

The District charges all uncollected accounts directly against current earnings. The reserve for uncollectible at December 31, 2005 and 2004 was \$3,500.

For purposes of the statement of cash flows, the District defines cash and cash equivalents to include cash on hand, cash in bank and certificates of deposit.

NOTE 2: CASH AND INVESTMENTS

Statutory Requirements

The Bracken County Water District deposits and investments at December 31, 2005 and 2004 were entirely covered by Federal Depository Insurance or by collateral held by the custodial bank in the District's name.

Kentucky Revised Statutes authorize local governmental units to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

Statement of Cash Flows

The Statement of Cash Flows includes as cash and cash equivalents the following:

	<u>2005</u>	<u>2004</u>
Cash	\$93,077	\$102,426
Restricted Cash	<u>153,962</u>	<u>150,396</u>
	<u>\$247,039</u>	<u>\$252,822</u>

BRACKEN COUNTY WATER DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 For the Years Ended December 31, 2005 and 2004

NOTE 3: FIXED ASSETS

Capital asset activity for the fiscal year ended December 31, 2005 was as follows:

Business-Type Activities	Balance Jan. 1, 2005	Additions	Deductions	Balance Dec. 31, 2005
Cost:				
Land	\$ 9,126	\$ -	\$ -	\$ 9,126
Plant in Service	4,909,006	3,153,710	-	8,062,716
Other Depreciable Assets	244,513	6,720	-	251,233
Construction in Progress	2,609,835	794,009	(3,126,958)	276,886
Totals at historical cost	<u>7,772,480</u>	<u>3,954,439</u>	<u>(3,126,958)</u>	<u>8,599,961</u>
Less accumulated depreciation:				
Plant in Service	2,014,342	236,042	-	2,250,384
Other Depreciable Assets	67,152	16,674	-	83,826
Total accumulated depreciation	<u>2,081,494</u>	<u>252,716</u>	<u>-</u>	<u>2,334,210</u>
Business-Type Activities Capital Assets - Net	<u>\$ 5,690,986</u>	<u>\$ 3,701,723</u>	<u>\$ (3,126,958)</u>	<u>\$ 6,265,751</u>

Capital asset activity for the fiscal year ended December 31, 2004 was as follows:

Business-Type Activities	Balance Jan. 1, 2004	Additions	Deductions	Balance Dec. 31, 2004
Cost:				
Land and Land Rights	\$ 9,126	\$ -	\$ -	\$ 9,126
Plant in Service	3,786,109	1,122,897	-	4,909,006
Other Depreciable Assets	161,894	82,619	-	244,513
Construction in Progress	1,059,597	2,656,704	(1,106,466)	2,609,835
Totals at historical cost	<u>5,016,726</u>	<u>3,862,220</u>	<u>(1,106,466)</u>	<u>7,772,480</u>
Less accumulated depreciation:				
Plant in Service	1,902,749	111,593	-	2,014,342
Other Depreciable Assets	47,170	19,982	-	67,152
Total accumulated depreciation	<u>1,949,919</u>	<u>131,575</u>	<u>-</u>	<u>2,081,494</u>
Business-Type Activities Capital Assets - Net	<u>\$ 3,066,807</u>	<u>\$ 3,730,645</u>	<u>\$ (1,106,466)</u>	<u>\$ 5,690,986</u>

BRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004

NOTE 4: KENTUCKY UTILITIES LINE DEPOSIT

On June 30, 1982, Bracken County Water District entered into an agreement with Kentucky Utilities Company for the construction of an electric line extension to a water pumping station on the Augusta-Berlin Pike. Bracken County Water District deposited \$35,620 with Kentucky Utilities Company to cover the cost of that portion of the distribution line extension in excess of 1000 feet at an average cost of \$2.74 per foot. Kentucky Utilities Company agrees to reimburse Bracken County Water District up to the full amount deposited over a period of not less than 10 years. Once each year, they will refund the cost of 1000 feet, at the average cost per foot in place, for each new three-phase customer connected to the extension since the agreement was entered into. No three-phase customers were connected since 1982 and the contract has expired. The amount of \$35,620 was written off during the year as a non-operating expense.

NOTE 5: LONG-TERM DEBT

On May 9, 1989, the Kentucky Infrastructure Authority made three loans to the Bracken County Water District. These loans retired the Farmers Home Administration Bonds, paid the bond interest from January 1 through May 9, 1989, and created three reserves at the Kentucky Infrastructure Authority (KIA). These loans were refinanced on September 8, 1993 at a lower rate of 5.38% to reduce net interest costs by \$134,853 over the life of the issue.

In 2004, the KIA restructured the 1989 loan by applying the reserve to be used for the final year of payment on the loan, in order to reduce the outstanding loan balance to \$200,000 and to adjust the interest rate to 3.00%. The effect of this adjustment, creating the KIA issue 2004 A/B was to apply \$194,447 of the debt service reserve, leaving \$61,354 in reserve, held by KIA, to be applied to the final year of the 2004 issue, which will mature in 2012.

In connection with two major construction projects, the District obtained new loans to pay for construction not otherwise covered by Federal or State grants or by local funds. On October 7, 2004, the District finalized a long-term loan with USDA Rural Development in the amount of \$980,000 for the Southwestern Project. On August 31, 2004, the District finalized a \$928,000 loan from KIA for the Berlin-Lenoxburg Project. The Rural Development loan is for 40 years, 4.5%, principal payable on December 1 of each year and interest paid semi-annually. The KIA loan is for 20 years, 3.0%, principal and interest payable monthly.

BRACKEN COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Years Ended December 31, 2005 and 2004

NOTE 5: LONG-TERM DEBT (CONTINUED)

The following is a summary of the long-term debt outstanding for the District for the years ended December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Loan (02-10) – Kentucky Infrastructure Authority - \$791,334 for construction through Dec.31, 2003, loan maximum \$928,000, interest at 3.00%	893,543	928,000
Loan - First National Bank \$409,785 dated 8/2/95 in monthly installments of \$3,177.06 through 2010; interest at 7%	-0-	70,027
Loan - Buffalo Trace Area Development District - \$75,000, dated 8/30/00, monthly installments of \$759, through 8/30/10; interest at 4%	38,729	46,131
Loan – (2004 A/B)Kentucky Infrastructure Authority, \$200,000, dated 8/31/04, due 2012, interest at 3.00%, payable monthly, principal in varying annual amounts	200,000	200,000
Loan – Rural Development, \$980,000, dated 10/7/04, due 2044, principal payable annually on Dec. 1 and interest at 4.5% payable semi-annually	970,000	980,000
Loan – First National Bank, \$94,182,dated 8/29/05, Interest of 6.0%, principal and interest due April 29, 2006	94,182	-0-
Loan – First Source Bank(Backhoe), \$61,153, dated 3/9/04, in monthly installments of \$1,377, through 3/9/08, interest at 3.5%	<u>35,588</u>	<u>50,738</u>
TOTAL LONG-TERM DEBT	2,232,041	2,274,896
Less Current Maturities	<u>152,920</u>	<u>82,309</u>
	<u>\$ 2,079,122</u>	<u>\$2,192,587</u>

Maturities of Long-Term Debt are:

	<u>2005</u>	<u>2004</u>
2005	\$ 0	\$ 82,309
2006	152,920	86,252
2007	70,672	83,003
2008	84,988	83,792
2009	83,500	52,303
2010-2044	<u>1,839,961</u>	<u>1,887,237</u>
	<u>\$2,232,041</u>	<u>\$2,274,896</u>

BRACKEN COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004

NOTE 6: RESERVES

The Bracken County Water District is required to comply with the KIA and Rural Development bond agreements as follows:

A. SINKING FUND

On or before the 20th day of each month and after the required payment to the Operation and Maintenance Fund Account, the District is required to set aside an amount into a special account known as the "Bracken County Water District Waterworks, Bond and Interest Sinking Fund". The amount to be set aside and paid into the Sinking Fund each month shall be sums equal to the following amounts:

- (1) A sum equal to one-sixth of the interest becoming due on the next succeeding interest due date, with respect to all outstanding Bond Issues.
- (2) A sum equal to one-twelfth (1/12) of the principal of all such bonds maturing on the next succeeding January 1.

The required balances of the reserve at December 31, 2005 and 2004 were \$31,431 and \$27,170, respectively. The District had set aside \$53,069 and \$52,811 at December 31, 2005 and 2004, respectively into the restricted account. Deposits were made to the sinking fund on a monthly basis as required in (1) and (2).

B. DEPRECIATION FUND

The District is required to deposit \$470 and \$310 for Rural Development and KIA each month into the Depreciation Fund account as well as the proceeds from the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of extensions, additions and/or improvements to the project, plus the proceeds of any property damage insurance not immediately used to replace damaged or destroyed property. Monies in the Depreciation Fund shall be available and shall be withdrawn and used, upon appropriate certification to Rural Development and KIA, for the purpose of paying the cost of constructing replacements, extensions, additions and/or improvements to the project. Whenever the balance in the Depreciation Fund shall equal \$56,400 (\$37,000 for KIA) the monthly payments may be discontinued, or by the order of the governing body of the District, may be diverted into the Sinking Fund Account to be held as a part of the Sinking Fund Reserve and may then be used to redeem Bonds; however, the payments into the Depreciation Fund must be resumed whenever necessary to restore the balance. The District had set aside \$14,366 and \$15,573 at December 31, 2005 and 2004 into restricted accounts.

BRACKEN COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)
 For the Years Ended December 31, 2005 and 2004

NOTE 7: SURCHARGES

On March 5, 1997, in connection with the merger of the Western Bracken Water District into Bracken County Water District, the Public Service Commission ordered that customers pay a surcharge on their water bills in order to retire long-term debt to KIA and First National Bank of Brooksville.

The following is a summary of transactions related to the surcharge accounts:

	<u>2005</u>	<u>2004</u>
Separate Cash Account-- Beginning of Year	\$ 8,617	\$52,999
Collections from Customers	119,745	108,847
Interest Earned	58	268
Loan Payments:		
KIA	(40,144)	(15,579)
First National Bank of Brooksville	<u>(73,066)</u>	<u>(137,918)</u>
Separate Cash Account -- End of Year	<u>\$ 15,210</u>	<u>\$ 8,617</u>

NOTE 8: ECONOMIC DEPENDENCY

The District purchases all of its water from the City of Augusta Water Treatment Plant, through a long-term contract at rates determined annually on the basis of operating costs of the Water Treatment Plant.

NOTE 9: CONSTRUCTION COMMITMENTS

The District has commenced construction on three water line extension projects, the Berlin-Lenoxburg Project, the Southwestern Project and the Delisle Curve Project. The projects are funded by Federal and State grants and by Federal and State loans. A substantial amount of the work on Berlin-Lenoxburg was done in 2003 and the project was completed in 2004. The Southwestern Project commenced in 2004 and was completed mid-year 2005. The Delisle Curve Project was started in 2005 and was approximately 10% complete as of December 31, 2005. The estimated costs and funding sources for the Projects will be the following:

	Berlin <u>Lenoxburg</u>	<u>Southwestern</u>	Delisle <u>Curve</u>
Estimated Cost of Project	\$1,025,200	\$3,127,714	\$2,765,000
Project Funding			
KIA Loan	928,000	0	0
RUS Loan	0	980,000	0
RUS Grant	0	772,500	0
KIA Grant	0	443,500	0
KIA Tobacco Grant	0	560,000	265,000
KRWA Loan	0	0	2,500,000
Customer and Local Contributions	<u>97,200</u>	<u>371,714</u>	<u>0</u>
	\$1,025,200	\$3,127,714	\$2,765,000

SUPPLEMENTAL INFORMATION

BRACKEN COUNTY WATER DISTRICT
 SUPPLEMENTAL INFORMATION REQUIRED BY RURAL DEVELOPMENT
 December 31, 2005

Schedule of Insurance in Force

<u>Insurance Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date of Policy</u>
General Liability	\$3,000,000	07-01-06
Property - Building & Contents	\$2,393,667	07-01-06
Treasurer and Commissioners	\$300,000 and \$10,000	03-18-06
Encroachment Bond	\$10,000	03-29-06

Aged Accounts Receivable

A detailed schedule of aged accounts receivable is prepared on a monthly basis. At December 31, 2005, accounts receivable were aged as follows:

	<u>Number Of Accounts</u>	<u>Amount</u>
Current	2,059	\$72,594
Over 30 Days	48	149
Over 60 Days	10	17
Over 90 Days	<u>34</u>	<u>1,101</u>
Total	<u>2,151</u>	<u>\$ 73,861</u>

During 2005, the District wrote off no accounts as uncollectible, but carried a reserve for possible uncollectible accounts of \$3,500 in 2005. Accounts in arrears have been collected or are covered by deposits.

James H. Smith, CPA, PSC

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

Board of Commissioners
Bracken County Water District
Brooksville, Kentucky

We have audited the financial statements of the business-type activities of Bracken County Water District as of and for the year ended December 31, 2005, which collectively comprise the Bracken County Water District's basic financial statements and have issued our report thereon dated January 10, 2006. 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.

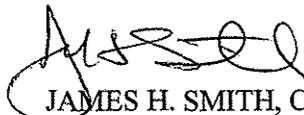
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bracken County Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 caused by error or fraud 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 being material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bracken County Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board and management of Bracken County Water District and the Public Service Commission of the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.



JAMES H. SMITH, CPA, PSC
Maysville, Kentucky

January 10, 2006

BRACKEN COUNTY WATER DISTRICT
 BROOKSVILLE, KENTUCKY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2005

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Cash/ Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
U.S. Department of Agriculture - Kentucky Infrastructure Authority Water Line Extension - Grant	10.760		(A) \$ 265,000	\$ 265,000
U.S. Department of Agriculture - Rural Development: Water Line Extension - Grant	10.760		(A) 108,000	108,000
U.S. Department of Agriculture - Kentucky Infrastructure Authority Water Line Extension - Grant	10.760		(A) 772,500	272,391
TOTAL FEDERAL AWARDS			<u>\$ 1,145,500</u>	<u>\$ 645,391</u>

(A) Denotes Major Program, under OMB Circular A-133

BRACKEN COUNTY WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bracken County Water District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - LOANS AND LOAN GUARANTEES

The auditee had no loans or loan guarantees during or at the end of the year, except for general long-term debt obligations described in Note 5 of the basic financial statements of the District.

NOTE C - INSURANCE

The District carried insurance coverage during the entire year in amounts sufficient or in excess of required levels, including coverage for general and professional liability, real and personal property, workers compensation and fidelity bonding of employees who have access to funds.

James H. Smith, CPA, PSC
Certified Public Accountant

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE OMB CIRCULAR A-133**

Board of Commissioners
Bracken County Water District
Brooksville Kentucky 41004

Compliance

We have audited the compliance of Bracken County Water District, with the types of compliance requirements as described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. Bracken County Water District's major federal programs are identified in the summary of the auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bracken County Water District's management. Our responsibility is to express an opinion on Bracken County Water District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bracken County Water District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bracken County Water District's compliance with those requirements.

In our opinion, Bracken County Water District's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Bracken County Water District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bracken County Water District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the 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.



JAMES H. SMITH, CPA, PSC
Maysville, Kentucky

January 10, 2006

**BRACKEN COUNTY WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Bracken County Water District.
2. The audit of the financial statements of Bracken County Water District as of and for the year ended December 31, 2005 did not disclose any internal control related reportable conditions.
3. The audit did not disclose any noncompliance, which is material to the financial statements of the Bracken County Water District as of and for the year ended December 31, 2005.
4. There were no reportable conditions in internal control over major programs.
5. The auditor's report on compliance for the major federal award programs for Bracken County Water District expresses an unqualified opinion.
6. The audit did not disclose any audit findings or questioned costs relative to the major federal award programs for Bracken County Water District for the year ended December 31, 2005.
7. The major programs selected for compliance testing included:

<u>Program Title</u>	<u>CFDA No.</u>
Water Line Extension Grants and Loans	10.760
8. The dollar threshold used to distinguish between types A and B programs was \$300,000.
9. The auditee qualified as a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None.

C. FINDINGS AND QUESTIONED COSTS – RELATED TO FEDERAL AWARDS

None.

BRACKEN COUNTY WATER DISTRICT

JAN - APRIL 2005

	Bills	Gallons	2,000	2,000
First 2,000	2,444	2,259.1	2,259.1	
Over 2,000	5,508	35,367.5	11,016.0	24,351.5
	7,952	37,626.6	13,275.1	24,351.5
	Bills	Gallons	Rate	Revenue
First 2,000	7,952	13,275.1	\$ 10.96	\$ 87,154
Over 2,000		24,351.5	4.97	121,027
Double Hook Up	280		10.96	3,069
Wholesale Rate		11,503.0	2.23	25,652
Bulk Sales		366.5	6.00	4,398
Total Income from Sales				\$ 241,299

JUNE - DECEMBER 2005

	Bills	Gallons	2,000	2,000
First 2,000	4,404	4,237.8	4,237.8	
Over 2,000	12,319	81,248.0	24,638.0	56,610.0
	16,723	85,485.8	28,875.8	56,610.0
	Bills	Gallons	Rate	Revenue
First 2,000	16,723	28,875.8	\$ 10.94	\$ 182,950
Over 2,000		56,610.0	4.96	280,786
Double Hook Up	392		10.94	4,288
Wholesale Rate		11,503.0	2.23	25,652
Bulk Sales		366.5	6.00	4,398
Total Income from Sales				\$ 498,073

Total Operating Revenue from Sales	\$ 739,373
Audit and Annual Report	723,473
Difference	\$ 15,900
Percentage	0.02

The difference in income between the income statement and the billing analysis may be due to the timing of the implementation of the revised rates and this billing analysis.

BRACKEN COUNTY WATER DISTRICT

CURRENT RATES

NORMALIZED REVENUE

	Bills	Gallons	2,000	2,000
First 2,000	6,849	6,496.9	6,496.9	
Over 2,000	17,826	116,615.5	35,652.0	80,963.5
Total	24,675	123,112.4	42,148.9	80,963.5
	Bills	Gallons	Rate	Revenue
First 2,000	24,675	42,148.9	\$ 11.16	\$ 275,373
Over 2,000		80,963.5	5.07	410,485
Total	24,675	123,112.4		685,858
Double Hook Up	672		11.16	7,500
Wholesale Rate		23,006.0	2.34	53,834
Bulk Sales		703.6	6.25	4,398
Total Income from Sales				\$ 751,589

BRACKEN COUNTY WATER DISTRICT

WATER USE

	Gallons	Percent
Sales to Retail	123,816.0	0.6957
Sales to Wholesale	23,008.0	0.1293
Flushing and Other	15,707.0	0.0883
Line Loss	15,432.0	0.0867
Total	177,963.0	1.0000

Source: Annual Report at Page 30 and billing analysis.
Flushing and line loss was taken from the annual report.
Sales was taken from the billing analysis.

BRACKEN COUNTY WATER DISTRICT

JOINTLY USED LINES

Total Lines				Jointly Used	
Size	Feet	Miles	Inch Miles	Miles	Inch Miles
12	10,560	2	24		
10	19,536	3.7	37		
8	77,088	14.6	116.8	0.75	6
6	174,768	33.1	198.6	1	6
4	417,120	79	316		
3	157,344	29.8	89.4		
2.5	7,920	1.5	3.75		
2	44,880	8.5	17		
Total	909,216	172.2	802.55	1.75	12

Jointly Used Use Factor = .0150

BRACKEN COUNTY WATER DISTRICT

WHOLESALE ALLOCATION FACTORS

		To Wholesale		
Flushing Percentage	8.83%		0.0883	
Line Loss Percentage	8.67%		0.0867	
Flushing and Line Loss	17.50%		0.1750	
Bracken County Multiplier	1 / 1 - 0.1750		1.2121	
Wholesale Inch Mile Ratio	12 / 802.55		0.0150	
Wholesale Share of Line Loss	.0150 x .0867		0.0013	
Joint Share of Plant Use and Line Loss	.0013 + .0883		0.0896	0.9104
Wholesale Production Multiplier	1 / 1 - .0896		1.0984	
	23,008	x	1.0984	
Production Allocation Factor	123,816		1.2121	0.1684
	23,008	x	0.0150	
Transmission Factor	123,816			0.0028
	23,008			
Commodity Factor	123,816			0.1858

BRACKEN COUNTY WATER DISTRICT

ALLOCATION OF PLANT VALUE

	Total	Allocation Factor	Wholesale	Retail	Demand	Customer
Organization	\$ 1,122	0.0028	\$ 3	\$ 1,119	\$ 1,119	
Land and Land Rights	9,126	0.0028	26	9,100	9,100	
Structures and Improvements	12,359	0.1614	1,995	10,364	10,364	
Collecting & Impounding Res.	36,900	0.1614	5,956	30,944	30,944	
Lakes, Rivers, and Other	110,873	0.1614	17,895	92,978	92,978	
Power Generation Equipment	281,559	0.1614	45,444	236,115	236,115	
Pumping Equipment	39,060	0.1614	6,304	32,756	32,756	
Reservoirs and Standpipes	30,535	0.0028	85	30,450	30,450	
Transmission and Dist. Mains	7,209,421	0.0028	20,186	7,189,235	7,189,235	
Meters and Installations	319,200	-	-	319,200		319,200
Other Plant and Misc.	21,687	0.0028	61	21,626	21,626	
Subtotal	\$ 8,071,842		\$ 97,955	\$ 7,973,887	\$ 7,654,687	\$ 319,200
Percentage			0.0121	0.9879	0.9600	0.0400
Office Furniture and Equip.	\$ 59,005		\$ 716	\$ 58,289	\$ 55,956	\$ 2,333
Transportation Equip.	41,591		505	41,086	39,442	1,645
Tools, Shop and Garage	417		5	412	395	16
Power Operated Equip.	61,653		748	60,905	58,467	2,438
Communication Equip.	88,567		1,075	87,492	83,990	3,502
Total	\$ 8,323,075		\$ 101,003	\$ 8,222,073	\$ 7,892,938	\$ 329,135
Percentage	1.00		0.0121	0.9879	0.9600	0.0400

Numbers taken from 2005 Annual Report and percentages used to allocate debt service.

BRACKEN COUNTY WATER DISTRICT

ALLOCATION OF DEPRECIATION

	Total	Allocation Factor	Wholesale	Retail	Demand	Customer
Organization	\$ 574	0.0028	\$ 2	\$ 572	\$ 572	
Structures and Improvements	14,427	0.1614	2,329	12,098	12,098	
Collecting & Impounding Res.	35,994	0.1614	5,809	30,185	30,185	
Lakes, Rivers, and Other	76,349	0.1614	12,323	64,026	64,026	
Power Generation Equipment	198,603	0.1614	32,055	166,548	166,548	
Treatment Equip.	3,289	0.1614	531	2,758	2,758	
Reservoirs and Standpipes	11,556	0.0028	32	11,524	11,524	
Transmission and Dist. Mains	1,506,735	0.0028	4,219	1,502,516	1,502,516	
Meters and Installations	158,851	-	-	158,851		158,851
Other Plant and Misc.	6,484	0.0028	18	6,466	6,466	
Subtotal	\$ 2,012,862		\$ 57,317	\$ 1,955,545	\$ 1,796,694	\$158,851
Percentage			0.0285	0.9715	0.9188	0.0812
Office Furniture and Equip.	\$ 35,660		\$ 1,015	\$ 34,645	\$ 31,830	\$ 2,814
Transportation Equip.	13,682		390	13,292	12,213	1,080
Tools, Shop and Garage	417		12	405	372	33
Power Operated Equip.	19,073		543	18,530	17,025	1,505
Total	\$ 2,081,694		\$ 59,277	\$ 2,022,418	\$ 1,858,135	\$164,283
Percentage	1.00		0.0285	0.9715	0.9188	0.0812

Numbers taken from 2005 Annual Report and percentages used to allocate depreciation.

BRACKEN COUNTY WATER DISTRICT

ALLOCATION OF EXPENES TO WHOLESAL

	Total	Allocation Factor	Wholesale	Retail
Salaries and Wages				
Transmission and Distribution	\$ 96,226	0.0028	\$ 269	\$ 95,957
Meter Reading	36,708	-	0	36,708
Administrative and General	9,181		0	9,181
Officers - Salaries and Wages	7,200	0.0028	20	7,180
Purchased Water	279,721	0.1858	51,972	227,749
Purchased Power	33,902	0.1858	6,299	27,603
Materials and Supplies - Operational	34,276	0.0028	96	34,180
Contractual Ser. - Acct.	3,500	0.0028	10	3,490
Contractual Ser. - Other	22,391	0.0028	63	22,328
Building Rent	7,200	0.0028	20	7,180
Transportation Expenses	20,065	0.0028	56	20,009
Insurance - Gen. Liability	7,195	0.0028	20	7,175
Insurance - Workers Comp.			0	0
Transmission and Distribution	4,868	0.0028	14	4,854
Meter Reading	1,856	-	0	1,856
Insurance - Other	35,608	0.0028	100	35,508
Bad Debt	16	-	0	16
Office Supplies	17,794	0.0028	50	17,744
Miscellaneous	13,814	0.0028	39	13,775
Payroll Taxes	11,728	0.0028	33	11,695
Regulatory Comm. Expense	1,372	0.0028	4	1,368
Depreciation	64,000	0.0306	1,958	62,042
Taxes Other than Income	13,100	0.0028	37	13,063
Amortization	489	0.0028	1	488
Debt			0	0
Principle	89,374	0.0132	1,180	88,194
Interest	86,202	0.0132	1,138	85,064
.20 Coverage	35,115	0.0132	464	34,651
New Debt - KRWA	224,660	0.0132	2,966	221,694
.20 Debt Coverage	44,932	0.0132	593	44,339
Total Expenses	\$ 1,202,492		\$ 67,400	\$ 1,135,092
Less Other Income				
Surcharge	36,695		7,823	28,872
Other Income	36,666			36,666
Bulk Sales	4,398			4,398
Revenue Required From Rates	\$ 1,124,733		\$ 59,578	\$ 1,065,155
WHOLESALE RATE			\$ 2.59	
Bracken County is requesting \$64,000 in depreciation expense.				

BRACKEN COUNTY WATER DISTRICT

ALLOCATION OF EXPENSES TO RETAIL

	Retail	Commodity	Demand	Customer
Salaries and Wages				
Transmission and Distribution	\$ 95,957		\$ 95,957	
Meter Reading	36,708			36,708
Purchased Water	227,749	227,749		
Purchased Power	27,603	27,603		
Materials and Supplies - Operational	34,180		34,180	
Contractual Ser. - Acct.	3,490			3,490
Insurance - Gen. Liability	7,175		7,175	
Workers Comp. Trans/Dist.	4,854		4,854	
Insurance - Other	35,508		35,508	
Bad Debt	16			16
Office Supplies	17,744			17,744
Payroll Taxes	11,695		8,421	3,275
Subtotal	502,679	255,352	186,094	61,233
Less Commodity	255,352			
Percentage	247,327		0.7524	0.2476
Regulatory Comm. Expense	1,368		1,029	339
Salaries - Administrative and General	9,181		6,908	2,273
Officers - Salaries and Wages	7,180		5,402	1,778
Contractual Ser. - Other	22,328		16,800	5,528
Building Rent	7,180		5,402	1,778
Transportation Expenses	20,009		15,055	4,954
Workers Comp. - Meter Reading	1,856		1,396	459
Miscellaneous	13,775		10,365	3,410
Taxes Other than Income	13,063		9,829	3,234
Total Expenses	\$ 598,620	\$ 255,352	\$ 258,283	\$ 84,986

BRACKEN COUNTY WATER DISTRICT			
REVISION TO SURCHARGE			
Current Surcharge	\$ 120,192		
Retail Bills	16,984	\$ 6.44	\$ 109,377
Wholesale Gallons	23,006.0	0.47	10,813
Total			\$ 120,190
Proposed Surcharge - Loan Payment is \$36,656 Annually			
Retail Bills	16,984	\$ 1.70	\$ 28,873
Wholesale Gallons	23,006.0	0.34	7,822
Total			\$ 36,695
Calculation of Surcharge:			
Retail Bills x 5,000 gallons	84,920.0		
Wholesale Gallons	23,006.0		
Total Gallons	107,926.0		
Surcharge Per 1,000 Gallons	\$ 0.3396		
Retail = 5.0 x .34	\$ 1.70		

BRACKEN COUNTY WATER DISTRICT

RETAIL EXPENSES

	Total	Commodity	Demand	Customer
Operation and Maintenance	\$ 598,620	\$ 255,352	\$ 258,283	\$ 84,986
Debt Service	473,942		454,984	18,958
Depreciation	62,042		57,004	5,038
Amortization	488		488	
Total	\$ 1,135,092	\$ 255,352	\$ 770,759	\$ 108,982
Less:				
Other Operating Revenue	\$ 36,666		\$ 34,466	\$ 2,200
Surcharge	28,873		27,429	1,444
Bulk Sales	4,398	4,398		
Revenue Required From Retail	\$ 1,065,155	\$ 250,954	\$ 708,864	\$ 105,338

BRACKEN COUNTY WATER DISTRICT				
ALLOCATION TO RETAIL CUSTOMERS				
	Total	2,000	38,000	40,000
Actual Sales	126,112.4	43,348.9	69,138.1	13,625.4
Percent		0.3437	0.5482	0.1080
Weighted Sales for Demand	204,030.35	86,697.8	103,707.2	13,625.4
Percent		0.4249	0.5083	0.0668
Allocation of Costs				
Commodity	\$ 250,954	\$ 86,261	\$ 137,579	\$ 27,113
Demand	708,864	301,215	360,310	47,339
Customer	105,338	105,338		
Total	\$ 1,065,156	\$ 492,814	\$ 497,890	\$ 74,452
Number of Bills	25,275			
Double Hook-Ups	672			
Total Users	25,947			
Cost of Service Rates		\$ 18.99	\$ 7.20	\$ 5.46
Proposed Rates		\$ 19.65	\$ 6.94	\$ 5.52

BRACKEN COUNTY WATER DISTRICT

PROPOSED RATES - Depreciation = \$64,000

INCLUDES 50 NEW CUSTOMERS TO BE ADDED

	Bills	Gallons	2,000	38,000	40,000
First 2,000	6,849	6,496.9	6,496.9		
Next 38,000	18,262	99,430.1	36,524.0	62,906.1	
Over 40,000	164	20,185.4	328.0	6,232.0	13,625.4
Total	25,275	126,112.4	43,348.9	69,138.1	13,625.4

	Bills	Gallons	Rate	Revenue
First 2,000	25,275	43,348.9	\$ 19.65	\$ 496,654
Next 38,000		69,138.1	6.94	479,818
Over 40,000		13,625.4	5.52	75,212
Total	25,275	112,487.0		\$ 1,051,685
Double Hook Up	672		\$ 19.65	13,205
Revenue from Retail				\$ 1,064,889

Wholesale Rate		23,006.0	2.59	59,578
Bulk Sales		703.6	6.25	4,398
Total Income from Sales				\$ 1,128,865
Surcharge Retail = \$1.70 per customer Wholesale = .34 per 1,000 Gallons				36,695
Other Revenue				36,666
Total Operating Income				\$ 1,202,226

Total Expenses	\$ 1,391,209			
Less 100% Depreciation	(252,716)			
Plus 64,000 Depreciation	64,000			
Total Required	\$ 1,202,493			

NONRECURRING CHARGE COST JUSTIFICATION

Type of Charge: Field Charge

1. Field Expense:

A. Materials (Itemize)

	\$

B. Labor (Time and Wage)

.75 hours	15.00
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Total Field Expense	\$ 15.00
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2. Clerical and Office Expense

A. Supplies	\$ 2.00
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B. Labor	3.00
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Total Clerical and Office Expense	\$ 5.00
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3. Miscellaneous Expense

A. Transportation	\$ 20.00
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B. Other (Itemize)

Total Miscellaneous Expense	\$ 20.00
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Total Nonrecurring Charge Expense	\$ 40.00
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