

NORTHERN KENTUCKY
WATER DISTRICT

Project – Sub District F

Campbell County
184-188

2005 Northern Kentucky Water District Annual Report for
Class-A and Class-B Water Districts

Water

Class A & B
Water Districts & Associations

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PUBLIC SERVICE
COMMISSION

Annual Report
Of
Northern Kentucky Water District

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

Water Districts & Associations-Class A&B

Annual Report

Of

**Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, KY 41018**

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

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
4-6	The identification pages have been completed		X		
7	101-106 agrees with	13 Total 101-106	X		
7	108-110 agrees with	15 Total 301-348 Cols c & h	X		
7	114-115 agrees with	16 Net Balance 114-115	X		
7	123 agrees with	17 Total 123	X		
7	124-125 agrees with	17 Total 124 and Total 125	X		
7	126 agrees with	17 Total 126	X		
7	127 agrees with	17 Total 127	X		
7	141-144 agrees with	18 Net Balance 141-144	X		
7	151-153 agrees with	19 Total 151-153	X		
7	162 agrees with	19 Total 162	X		
8	181 agrees with	20 Total 181	X		
8	182 agrees with	21 Total 182	X		
8	186 agrees with	20 Total 186	X		
9	214 agrees with	12 Total 214	X		
9	215.1 agrees with	12 Total 215.1	X		
9	215.2 agrees with	12 Total 215.2	X		
9	221 agrees with	23 Total Col 4	X		
9	221 agrees with	23 Total Col 12	X		
9	224 agrees with	22 Total Col f	X		
9	232 agrees with	24 Total 232	X		

CHECKLIST FOR THE ANNUAL REPORT
FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page 2 of 3

Page No.	Account No.		Page No.		Yes	No	If No, Explain Why
9	233	agrees with	24	Total 233	X		
9	234	agrees with	24	Total 234	X		
9	236	agrees with	25	Beginning and Ending Balance 236	X		
9	237	agrees with	25	Total 237 Cols b & e	X		
9	242	agrees with	26	Total 242	X		
9	251	agrees with	20	Total 251	X		
9	252	agrees with	21	Beginning and Ending Balance 252	X		
10	400	agrees with	27	Total Water Operating Revenue Col e	X		
10	401	agrees with	28	Total 601-675, Col c	X		
10	408.1 & 408.2	agrees with	25	Total Taxes Accrued 408.10-408.20	X		
11	427	agrees with	25	Total Interest Accrued Col c	X		
11	Net Income Before Contributions						
		agrees with	12	Balance Trans From Inc Col c	X		
13	101	agrees with	14	Total Water Plant Col f	X		
14	The analysis of water utility plant accounts Cols c through k has been completed				X		
15	The analysis of accumulated depreciation and amortization by primary account has been completed.				X		
20	186.1	agrees with	26	Total 186.1 Col c	X		
22	Schedule of Long-Term Debt has been completed				X		
23	Schedule of Bond Maturities has been completed				X		
27	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Revenue and Expenses				X		
27	The analysis of water operating revenue Cols c, d, and e has been completed.				X		

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
28	The analysis of water utility expense Cols c through k has been completed.		X		
29	Schedule of Pumping and Purchased Water Statistics has been completed.		X		
29	Total Col (d) agrees with	30	Line 4, Total Produced and Purchased	X	
29	Total Col (e) agrees with	30	Line 13, Total Water Sales	X	
30	466 Total Gals agrees with	30	Line 11, Sales For Resale (466)	X	
	Oath page has been completed.		X		

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2005

1. Amount of Principal Payment during calendar year \$ 4,674,000
2. Is Principal current? (Yes) X (No)
3. Is Interest current? (Yes) X (No)

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant?

YES X NO

If yes, which service is performed?

Audit X

Compilation

Review

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name Northern Kentucky Water District

Contact Person Jack Bragg, Jr.

Contact Person's E-Mail Address jbragg@nkywater.org

Utility's Web Address www.nkywater.org

Additional Information Required by Commission Orders

Provide any special information required by prior commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of Special information that may be required by commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case No.	Date of Order	Item/Explanation	
96-234	8/26/1996	Merger of Campbell Co. Water District and Kenton Co. Water District No. 1. Effective date of Merger 1/1/97.	
97-330	9/2/1997	Defeasance of the former Campbell Co. KY Water District Bonds. Principal of the Issue	9,630,000
92-482	3/14/1992	Subdistrict A	
		a. Number of Customers as of 12/31/2003	433
		b. Total surcharge billed during 2003	66,918
		c. Accumulated surcharge billed.	1,012,473
		d. Remaining Debt service on debt which NKWD issued to finance facilities.	789,265
94-409	1/26/1995	Subdistrict B	
		a. Number of Customers as of 12/31/2003	262
		b. Total surcharge billed during 2003	62,154
		c. Accumulated surcharge billed.	524,278
		d. Remaining Debt service on debt which NKWD issued to finance facilities.	1,706,371
95-582	2/8/1996	Subdistrict R	
		a. Number of Customers as of 12/31/2003	232
		b. Total surcharge billed during 2003	51,391
		c. Accumulated surcharge billed.	390,284
		d. Remaining Debt service on debt which NKWD issued to finance facilities.	1,091,016
95-582	2/8/1996	Subdistrict RL	
		a. Number of Customers as of 12/31/2003	86
		b. Total surcharge billed during 2003	38,695
		c. Accumulated surcharge billed.	313,969
		d. Remaining Debt service on debt which NKWD issued to finance facilities.	755,488

97-468	9/4/1998	Per itm 7 on the order. See attached exhibit ML 1	
2000-329	7/21/2000	Subdistrict C	
		a. Number of Customers as of 12/31/2003	845
		b. Total surcharge billed during 2003	232,169
		c. Accumulated surcharge billed.	768,790
		d. Remaining Debt service on debt which NKWD issued to finance facilities.	6,769,039
2000-171	5/5/2000	Subdistrict D	
		a. Number of Customers as of 12/31/2003	58
		b. Total surcharge billed during 2003	23,925
		c. Accumulated surcharge billed.	47,910
2001-198	6/27/2001	Defeasance of the former Kenton County Water District Bonds and Newport WW Purchase Principal of the Issue.	45,485,000
2002-00363	10/1/2002	Defeasance of the former Kenton County Water District Bonds. Principal of the Issue.	10,575,000
2002-00468	3/1/2003	Defeasance of 1995 C Bonds with Issuance of 2003 A Bonds	1,615,000
2002-00105	4/30/2003	Water Rate Increase	
2002-00105	6/1/2003	Issue of 2003 B Bonds	30,270,000
2003-00404	12/2/2003	Defeasance of 1993, 1995 A and 1995 B Bonds with the Issuance of 2003 C Bonds	23,790,000

Major Water Projects

Instructions: 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 which will increase your current utility plant by at least 20%.

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)

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HISTORY

1. Exact name of utility making this report. (Use the words: "The, Company, Incorporated or Incorporated" only when a part of the corporate name.)

Northern Kentucky Water District

2. Give location including city, street and number, of the executive office:

**2835 Crescent Springs Road
P.O. Box 18640
Erlanger, KY 41018**

3. Give name, title, address, and telephone number of the officer to whom correspondence concerning this report should be addressed:

**Jack Bragg, Jr.
P.O. Box 18640, Erlanger, Kentucky 41018**

4. Date of organization: **January 1, 1997**

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

N/A

6. Date and authority for each consolidation and each merger:

N/A

7. State whether respondent is a corporation, a joint stock association, a firm or partnership or an individual:

**Non-profit water utility
Special District – State of Kentucky**

History - Continued

8. Name all other operating departments:

N/A

9. Name of counties in which you furnish water service:

**Campbell County, Kenton County, Boone County
Wholesale: Pendleton County**

Report of:
For Year Ended:
Location where books and records are located:

Northern Kentucky Water District
2005
2835 Crescent Springs Road Erlanger, KY 41018

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility	Current Term Expires
Send correspondence to: Jack Bragg, Jr.	V.P. Finance	2835 Crescent Springs Rd. P.O. Box 18640 Erlanger, KY 41018	xxxxxx	xxxxxx
Report prepared by: Jack Bragg, Jr.	V.P. Finance	Same as above	xxxxxx	xxxxxx
Officers and Managers				
Douglas Wagner	Chair	Same as above	6,000.00	8/26/2009
Andrew Collins	Treasurer	Same as above	6,000.00	8/28/2007
Joseph Koester	Secretary	Same as above	6,000.00	7/26/2008
Dr. Patricia Sommerkamp	Commissioner	Same as above	6,000.00	8/21/2009
Fred A. Macke, Jr.	Commissioner	Same as above	6,000.00	8/29/2008
Frank Jackson	Commissioner	Same as above	6,000.00	8/28/2007
C. Ronald Lovan	President/CEO	Same as above	xxxxxx	xxxxxx
All Commissioners have completed six hours of training.				

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

Account No. (a)	Account Name (b)	Ref. Page ©	Previous Year (d)	Current Year (e)
UTILITY PLANT				
101-106	Utility Plant	13	\$ 251,475,930	\$ 268,102,484
108-110	Less: Accumulated Depreciation and Amortization	13,15-16	(48,288,707)	(53,201,141)
	Net Plant		\$ 203,187,223	\$ 214,901,343
114-115	Utility Plant Acquisition Adjustments (Net)	16	4,469,711	4,268,591
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		\$ 207,656,934	\$ 219,169,934
OTHER PROPERTY & INVESTMENTS				
121	Nonutility Property		\$	\$
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property		\$	\$
123	Investment in Asso. Companies	17		
124	Utility Investments	17	21,535,260	21,911,383
125	Other Investments	17	3,680,638	3,783,211
126-127	Special Funds	17		
	Total Other Property & Investments		\$ 25,215,898	\$ 25,694,594
CURRENT AND ACCRUED ASSETS				
131	Cash		\$ 831,017	\$ 3,909,589
132	Special Deposits			
133	Other Special Deposits		11,453,379	17,997,953
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts Receivable, Less Accumulated Provision for Uncollectible Accounts	18	4,717,008	3,732,614
145	Accounts Receivable from Associated Companies			
146	Notes Receivable from Associated Companies			
151-153	Materials & Supplies	19	1,241,337	1,150,975
161	Stores Expense			
162	Prepayments	19	2,894,399	2,340,939
171	Accrued Interest & Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		4,900,000	4,900,000
174	Misc. Current & Accrued Assets			
	Total Current & Accrued Assets		\$ 26,037,140	\$ 34,032,070

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

Account No. (a)	Account Name (b)	Ref. Page c	Previous Year (d)	Current Year (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	20	\$ 3,045,263	\$ 2,956,387
182	Extraordinary Property losses	21		
183	Preliminary Survey & Investigation Charges			
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	5,216,390	6,924,182
187	Research & Development Expenditures			
	Total Deferred Debits		\$ 8,261,653	\$ 9,880,569
	TOTAL ASSETS AND OTHER DEBITS		\$ 267,365,378	\$ 288,777,167

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

Account No. (a)	Account Name (b)	Ref. Page c	Previous Year (d)	Current Year (e)
Equity Capital				
214	Appropriated Retained Earnings	12	\$ 31,029,357	\$ 39,336,654
215.1	Retained Earnings from Income Before Contributions	12	\$ 30,416,476	\$ 25,534,918
215.2	Donated Capital	12	\$ 40,195,514	\$ 43,095,791
	Total Equity Capital		\$ 101,641,347	\$ 107,967,363
LONG-TERM DEBT				
221	Bonds	23	\$ 153,125,000	\$ 148,701,000
222	Reacquired Bonds			
223	Advances from Asso. Companies			
224	Other Long-Term Debt	22	2,625,000	2,375,000
	Total Long-Term Debt		\$ 155,750,000	\$ 151,076,000
CURRENT & ACCRUED LIABILITIES				
231	Accounts Payable		\$ 1,799,189	\$ 3,620,486
232	Notes Payable	24	3,705,000	21,685,000
233	Acts. Payable to Asso. Co.	24		
234	Notes Payable to Asso. Co.	24		
235	Customer Deposits		2,250	2,949
236	Accrued Taxes	25		
237	Accrued Interest	25	2,593,452	2,737,097
239	Matured Long-Term Debt			
240	Matured Interest			
241	Tax Collections Payable			
242	Misc. Current & Accrued Liabilities	26	1,810,263	1,629,323
	Total Current & Accrued Liabilities		\$ 9,910,154	\$ 29,674,855
DEFERRED CREDITS				
251	Unamortized Premium on Debt	20	\$ 63,877	\$ 58,949
252	Advances for Construction	21		
253	Other Deferred Credits			
	Total Deferred Credits		63,877	58,949
OPERATING RESERVES				
Accumulated Provision for:				
261	Property Insurance		\$	\$
262	Injuries & Damages			
263	Pensions & Benefits			
265	Miscellaneous Operating Reserves			
	Total Operating Reserves		\$	\$
TOTAL EQUITY CAPITAL & LIABILITIES			\$ 267,365,378	\$ 288,777,167

COMPARATIVE OPERATING STATEMENT

Acct. No. (a)	Account Name (b)	Ref. Page c	Previous Year (d)	Current Year (e)
	Utility Operating Income			
400	Operating Revenues	27	\$ 32,185,250	\$ 34,846,622
401	Operating Expenses	28	\$ 19,429,652	\$ 20,479,276
403	Depreciation Expenses		5,128,169	5,361,019
406	Amortization of Utility Plant			
	Acquisition Adjustment		201,120	201,120
407	Amortization Expense		378,960	378,960
408.1	Taxes Other Than Income	25	519,707	544,011
	Utility Operating Expenses		\$ 25,657,608	\$ 26,964,386
	Utility Operating Income		\$ 6,527,642	7,882,236
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property		-	(7,249)
	Total Utility Operating Income		\$ 6,527,642	\$ 7,874,987
	Other Income and Deductions			
415	Revenues From Merchandising, Jobbing and Contract Deductions		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest & Dividend Income		791,405	1,862,615
420	Allowance for Funds Used During Construction			
421	Nonutility Income		31,138	12,681
426	Miscellaneous Nonutility Expense			
	Total Other Income & Deductions		\$ 822,543	1,875,296
	TAXES APPLICABLE TO OTHER INCOME			
408.2	Taxes Other Than Income		\$	\$
	Total Taxes Applic. To Other Income		\$	\$

COMPARATIVE OPERATING STATEMENT

Acct. No. (a)	Account Name (b)	Ref. Page c	Previous Year (d)	Current Year (e)
	Utility Operating Income			
400	Operating Revenues	27	\$ 32,185,250	\$ 34,846,623
401	Operating Expenses	28	\$ 19,429,652	\$ 20,479,098
403	Depreciation Expenses		5,128,169	5,361,019
406	Amortization of Utility Plant			
	Acquisition Adjustment		201,120	201,120
407	Amortization Expense		378,960	378,960
408.1	Taxes Other Than Income	25	519,707	544,011
	Utility Operating Expenses		\$ 25,657,608	\$ 26,964,208
	Utility Operating Income		\$ 6,527,642	7,882,415
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property			(7,249)
	Total Utility Operating Income		\$ 6,527,642	\$ 7,875,166
	Other Income and Deductions			
415	Revenues From Merchandising, Jobbing and Contract Deductions		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest & Dividend Income		791,405	1,862,615
420	Allowance for Funds Used During Constructon			
421	Nonutility Income		31,138	12,681
426	Miscellaneous Nonutility Expense			
	Total Other Income & Deductions		\$ 822,543	1,875,296
	TAXES APPLICABLE TO OTHER INCOME			
408.2	Taxes Other Than Income		\$	\$
	Total Taxes Applic. To Other Income		\$	\$

\$ +174 transcripts

COMPARATIVE OPERATING STATEMENT - Continued

Account No. (a)	Account Name (b)	Ref. Page ©	Previous Year (d)	Current Year (e)
INTEREST EXPENSE				
427	Interest Expense		\$ 5,344,406	\$ 6,126,890
428	Amortization of Debt Discount & Exp.		150,663	202,582
429	Amortization of Premium on Debt		4,928	4,928
	Total Interest Expense		\$ 5,490,141	\$ 6,324,544
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ -	\$ -
434	Extraordinary Deductions		-	-
	Total Extraordinary Items		\$ -	\$ -
	NET INCOME		\$ 1,860,044	\$ 3,425,739

Statement of Retained Earnings

ACCT. No. (a)	(b)	Amount (c)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	Bond Proceeds	\$ 17,242,047
	Debt Service and Reserve	\$ 19,020,505
	Improvement, Repair and Replacement	\$ 3,074,102
	Total Appropriated Retained Earnings.....	\$ 39,336,654

215.1	Retained Earnings From Income Before Contributions:	
	Balance Beginning of Year.....	\$ 30,416,472
435	Balance Transferred from Net Income Before Contributions.....	\$ 3,425,739
	Other Changes to Account:	
436	Appropriations of Retained Earnings.....	\$ (8,307,293)
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits (explain) _____	\$ _____
	Debits (explain) _____	\$ _____
	Balance End of Year.....	\$ 25,534,918

215.2	Donated Capital:				
		Tapping Fees	Grants	Other	Total
	Balance Beginning of Year.....	4,735,018	5,759,358	29,701,138	40,195,514
	Credits:				
432	Proceeds from capital contributions.....	1,007,222	374,015	1,519,040	2,900,277
	Other Credits (explain)				
	Debits: (explain - Requires Commission Approval)				
	Balance End of Year.....	5,742,240	6,133,373	31,220,178	43,095,791

NET UTILITY PLANT (ACCTS. 101 - 106)

Account No.	Plant Accounts	Total
101	Utility Plant in Service	\$ 248,118,189
102	Utility Plant Leased to Others	
103	Property Held for Future Use	
104	Utility Plant Purchased or Sold	
105	Construction Work in Progress	19,984,295
106	Completed Construction Not Classified	
	Total Utility Plant	\$ 268,102,484

ACCUMULATED DEPRECIATION (ACCT. 108)

Description	Total
Balance first of year	\$ 48,288,707
Credit during year:	
Accruals Charged to Account 108.1	5,361,019
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
_____ _____ _____	
Salvage	
Other Credits (specify)	
_____ _____	
Total Credits	\$ 5,361,019
Debits during year:	
Book Cost of Plant Retired	\$ 448,585
Cost of Removal	
Other Debits (specify)	
_____ _____	
Total Debits	\$ 448,585
Balance end of year	\$ 53,201,141

Water Utility Plant Accounts

Acct. No.	Account Name	Previous Year	Additions	Retirement	Current Year	Intangible Plant	Source of Supply & Pumping	WT Plant	Trans. & Distribu Plant	General Plant
Acct.	b	c	d	e	f	g	h	i	J	K
301	Organization	\$								
302	Franchises									
303	Land and Land Rights	605,416	-	-	605,416		29,200	72,496	205,403	298,317
304	Structure & Improvements	65,516,438	202,104		65,718,542		16,869,144	35,671,419	7,661,242	5,516,737
305	Collecting & Impounding Reservoirs									
306	Lake River & Other Intakes	1,524,592			1,524,592		1,524,592			
307	Wells & Springs									
308	Infiltration on Galleries & Tunnels									
309	Supply Mains	2,307,853			2,307,853		2,307,853			
310	Power Generation Equipment									
311	Pumping Equipment	8,661,832	19,805	4,666	8,676,971		2,496,219	833,197	5,347,555	
320	Water Treatment Equipment	9,285,428	181,449	750	9,466,127			9,466,127		
330	Distribution Reservoirs & Standpipes	7,500,741			7,500,741				7,500,741	
331	Transmission & Distribution Mains	-			-					
		106,184,511	4,360,534	418,823	110,126,222				110,126,222	
333	Services	18,787,274	868,458		19,655,732				19,655,732	
334	Meters & Meter Installation	6,537,668	542,601		7,080,269				7,080,269	
335	Hydrants	4,550,842	458,146		5,008,988				5,008,988	
339	Other Plant & Misc. Equipment	3,374,076	12,708	1,683	3,385,101					3,385,101
340	Office Furniture & Equipment	2,352,529	187,553	18,954	2,521,128					2,521,128
341	Transportation Equipment	2,512,074	249,256	157,485	2,603,845					2,603,845
342	Stores Equipment									
343	Tools, Shop & Garage Equip.	284,376	-		284,376					284,376
344	Laboratory Equipment	-	60,600	-	60,600					60,600
345	Power Operated Equipment	542,549	158,059		700,608					700,608
346	Communication Equipment									
347	Miscellaneous Equipment									
348	Other Tangible Plant	891,078			891,078					891,078
	Total Water Plant	241,419,277	7,301,272	602,361	248,118,189	-	23,227,008	46,043,239	162,586,152	16,261,790

Analysis of Accumulated Depreciation and Amortization by Primary Account

Acct No.	(a)	Account	(b)	Balance Beginning of Year	c	Credits During the Year			Balance End of Year
						(d)	(e)	(f)	
						Charges to Dep. Exp.	Other Credits	Plant Retirements	Other Charges
						\$	\$	\$	\$
301		Organization							
302		Franchises							
303		Limited Term Interest in Land and Land Rights							
304		Structures & Improvements		11,350,180		1,636,856		64	
305		Collecting & Impounding Reservoirs							
306		Lake River & Other Intakes		601,663		77,488			679,151
307		Wells & Springs							
309		Supply Mains		339,414		23,312			362,726
310		Power Generating Equip.							
311		Pumping Equipment		3,408,410		378,605		1,711	3,785,305
320		Water Treatment Equip.		2,717,676		401,104		750	3,118,030
330		Distribution Reservoirs & Standpipes		2,542,407		133,754			2,676,161
331		Transmissions & Distribution Mains		12,557,965		1,178,856		272,235	13,464,586
333		Services		5,832,871		402,138			6,235,009
334		Meters & Meter Installations		1,490,420		163,288			1,653,708
335		Hydrants		1,193,249		95,598			1,288,847
339		Other Plant & Misc. Equip.		1,143,633		327,355		1,666	1,469,322
340		Office Furniture & Equip.		1,756,251		242,311		14,676	1,983,886
341		Transportation Equip.		1,833,191		228,190		157,485	1,903,896
342		Service Equipment							
343		Tools, Shop & Garage Equip.		273,713		3,348			277,061
344		Shop Equipment							
345		Power Operated Equip.		398,481		50,127			448,608
346		Telecommunication Equipment							
347		Scada							
348		Other Tangible Plant		849,183		18,691			867,874
		Totals		\$ 48,288,707		\$ 5,361,019		\$ 448,585	\$ 53,201,141

ACCUMULATED AMORTIZATION (ACCT. 110)

Description	Total
Balance first of year.....	\$ N/A
<i>Credit during year:</i>	
Accruals Charged to Account 110.1...	\$ _____
Accruals Charged to Account 110.2...	_____
Other Accruals (specify)	_____

Total Credits.....	\$ _____
<i>Debits during year:</i>	
Book Cost of Plant Retired.....	\$ _____
Other Debits (specify)	_____

Total Debits.....	\$ _____
Balance end of year.....	\$ _____

UTILITY PLANT ACQUISITION ADJUSTMENT (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Original District 9-14-55	\$ 263,366
District # 2 & 3 12-31-73	18,712
Mentor District 9-1-76	10,741
City of Cold Spring	228,253
City of Silver Grove	24,853
Newport Water Works	4,970,211
Total Plant Acquisition Adjustments.....	\$ 5,516,136
Accumulated Amortization (115)	
Original District 9-14-55	\$ 263,366
District # 2 & 3 12-31-73	18,712
Mentor District 9-1-76	10,741
City of Cold Spring	228,253
City of Silver Grove	24,853
Newport Water Works	701,620
Total Accumulated Amortization.....	\$ 1,247,545
Net Acquisition Adjustments.....	\$ 4,268,591

Investments and Special Funds (Acct. 123-127)

Report hereunder all investments and special funds carried in Account 123-127.

Description of Security or Special Fund (a)	Face or Par Value (b)	Year-End Book Cost c
Investment In Associated Companies (Acct. 123): _____ _____ _____ Total Investment in Asso. Companies	\$ _____ \$ _____	\$ _____ \$ _____
Utility Investments (Acct. 124): IRR Account Debt Service Account Debt Service Reserve Account Total Utility Investments	\$ _____ \$ _____	\$ 3,074,102 6,547,631 12,289,650 \$ 21,911,383
Other Investments (Acct. 125): Boone County/Florence KY Settlement _____ _____ Total Other Investments:	\$ _____ \$ _____	\$ 3,783,211 \$ 3,783,211
Special Funds (Acct. 126 & 127): Prepayment Reserve _____ _____ Total Special Funds	_____ \$ _____	_____ \$ _____

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142, and 144. Amounts included in Accounts 142 and 144 should be listed individually.

Description	Total
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141)	\$ 3,681,014
Other Accounts Receivable (Acct. 142)	
Assessments	\$ 37,767
Other	13,832
	51,600
Notes Receivable (Acct. 144)	
	\$
Total Accounts and Notes Receivable.....	\$ 3,732,614
Accumulated Provision for Uncollectable Accounts (Acct. 143)	
Balance first of year	\$ -
Add: Provision for uncollectables for	
current year.....	\$
Collections fo accounts previously	
written off.....	
Utility accounts.....	
Others.....	
Total Additions.....	\$
Deduct accounts written off during year:	
Utility Accounts.....	\$
Other.....	
Total accounts written off.....	\$
Balance end of year.....	\$ -
Total Accounts and Notes Receivable	\$ 3,732,614

Materials and Supplies (151 - 153)

Account Name	Total
Plant Materials and Supplies (Account 151)	\$ 1,150,975
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	
Total Materials & Supplies	\$ 1,150,975

Prepayments (Acct. 162)

Description	Total
Prepaid Insurance	\$ 134,674
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments (Specify)	
Expenses/Services	\$ 110,375
Water Tower Painting	2,095,890
Total Prepayments	\$ 2,340,939

Miscellaneous Deferred Debits (Acct. 186)

Description	Total
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense 2003-2004	211,582.69
Deferred Rate Case Expense 2004-2006	26,874.69
Other Deferred Debits	6,685,725
Total Miscellaneous Deferred Debits	\$ 6,924,182.10

Unamortized Debt Discount & Expense & Premium on Debt (Accts. 181 & 251)

Report the net discount & expense or premium separately for each security issue.

Description	Amount Written Off During Year	Year-End Balance
Unamortized Debt Discount & Expense (Acct. 181)		
Bond Issue Cost 1997	\$ 4,916	\$ 82,748
Bond Discount 1997	6,735	113,373
Bond Discount 1998	7,570	173,479
Bond Issue Costs 1998	3,147	72,137
Cost of Issue 2001 Bond	3,699	77,084
Discount 2001 Bond	13,038	271,636
Cost of Issue 2002 A	13,731	289,495
Bond Discount 2002 A	27,209	573,657
Cost of Issue 2002 B	9,300	111,214
Cost of Issue 2003 A	1,620	40,790
Bond Discount 2003 A	1,087	28,366
Cost of Issue 2003 B	11,760	262,670
Bond Discount 2003 B	8,520	190,993
Cost of Issue 2003 C	14,940	217,833
Discount 2003 C	7,404	104,297
Cost of issue 2004A BAN	11,004	2,743
Discount 2004A BAN	7,824	1,954
Cost of issue 2004A Bonds	3,252	77,456
Discount 2004A Bond	7,920	188,662
Cost of issue 2005A BAN	14,648	29,294
Discount 2005 BAN	23,256	46,506
Total Unamortized Debt Discount & Expense	\$ 202,580	\$ 2,956,387
Unamortized Premium on Debt (Acct. 251):		
Premium on 2002 B Bond	\$ 63,877	\$ 58,949
Total Unamortized Premium on Debt	\$ 63,877	\$ 58,949

Miscellaneous Deferred Debits (Acct. 186)

Description	Total
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense 2002-2003	\$ 72,543
Deferred Rate Case Expense 2003-2004	103,450
Deferred Rate Case Expense 2004-2006	211,583
Other Deferred Debits	6,536,606
Total Miscellaneous Deferred Debits	\$ 6,924,182

Unamortized Debt Discount & Expense & Premium on Debt (Accts. 181 & 251)

Report the net discount & expense or premium separately for each security issue.

Description	Amount Written Off During Year	Year-End Balance
Unamortized Debt Discount & Expense (Acct. 181)		
Bond Issue Cost 1997	\$ 4,916	\$ 82,748
Bond Discount 1997	6,735	113,373
Bond Discount 1998	7,570	173,479
Bond Issue Costs 1998	3,147	72,137
Cost of Issue 2001 Bond	3,699	77,084
Discount 2001 Bond	13,038	271,636
Cost of Issue 2002 A	13,731	289,495
Bond Discount 2002 A	27,209	573,657
Cost of Issue 2002 B	9,300	111,214
Cost of Issue 2003 A	1,620	40,790
Bond Discount 2003 A	1,087	28,366
Cost of Issue 2003 B	11,760	262,670
Bond Discount 2003 B	8,520	190,993
Cost of Issue 2003 C	14,940	217,833
Discount 2003 C	7,404	104,297
Cost of issue 2004A BAN	11,004	2,743
Discount 2004A BAN	7,824	1,954
Cost of issue 2004A Bonds	3,252	77,456
Discount 2004A Bond	7,920	188,662
Cost of issue 2005A BAN	14,648	29,294
Discount 2005 BAN	23,256	46,506
Total Unamortized Debt Discount & Expense	\$ 202,580	\$ 2,956,387
Unamortized Premium on Debt (Acct. 251):		
Premium on 2002 B Bond	63,877	58,949
Total Unamortized Premium on Debt	\$ 63,877	\$ 58,949

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

Description	Total
Extraordinary Property Losses (Acct. 182) :	
N/A	\$
	\$
	\$
	\$
Total Extraordinary Property Losses	\$

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
N/A	
Balance first of year.....	\$
Add credits during year.....	\$
Deduct charges during year.....	\$
Balance end of year.....	\$

LONG TERM DEBT (ACCT. 224)

Description of Obligation and Amount of Original Issue (a)	Date of Issue (b)	Date of Maturity (c)	Interest Expense for Year		Principal Per Balance Sheet Date (f)
			Rate (d)	Amount (e)	
Notes Payable Taylor Mill	Mar-04	7/1/2018	0		2,375,000
Total long term Debt				-	2,375,000

Northern Kentucky Water Service District

Attachment 22A

Bond Issue: 11,225,000 , Dated September 1, 1997

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	1998	4.700%	210,000.00	210,000.00	
Registered	1999	4.700%	580,000.00	580,000.00	
Registered	2000	4.700%	610,000.00	610,000.00	
Registered	2001	4.700%	640,000.00	640,000.00	
Registered	2002	4.700%	670,000.00	670,000.00	
Registered	2003	4.700%	700,000.00	700,000.00	
Registered	2004	4.700%	735,000.00	735,000.00	
Registered	2005	4.700%	770,000.00	770,000.00	
Registered	2006	4.700%	810,000.00		810,000.00
Registered	2007	4.700%	850,000.00		850,000.00
Registered	2008	4.750%	890,000.00		890,000.00
Registered	2009	4.750%	930,000.00		930,000.00
Registered	2010	4.750%	975,000.00		975,000.00
Registered	2011	4.750%	1,025,000.00		1,025,000.00
Registered	2012	4.750%	60,000.00		60,000.00
Registered	2013	4.750%	60,000.00		60,000.00
Registered	2014	4.750%	65,000.00		65,000.00
Registered	2015	4.750%	70,000.00		70,000.00
Registered	2016	4.750%	70,000.00		70,000.00
Registered	2017	4.750%	75,000.00		75,000.00
Registered	2018	4.750%	80,000.00		80,000.00
Registered	2019	4.750%	80,000.00		80,000.00
Registered	2020	4.750%	85,000.00		85,000.00
Registered	2021	4.750%	90,000.00		90,000.00
Registered	2022	4.750%	95,000.00		95,000.00
TOTALS			11,225,000.00	4,915,000.00	6,310,000.00

Northern Kentucky Water Service District

Attachment 22-B

Bond Issue: 11,355,000 , Dated December 1, 1998

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	02/01/1999	4.700%	250,000.00	250,000.00	
Registered	02/01/2000	4.700%	200,000.00	200,000.00	
Registered	02/01/2001	4.700%	200,000.00	200,000.00	
Registered	02/01/2002	4.700%	210,000.00	210,000.00	
Registered	02/01/2003	4.700%	220,000.00	220,000.00	
Registered	02/01/2004	4.700%	230,000.00	230,000.00	
Registered	02/01/2005	4.700%	240,000.00	240,000.00	
Registered	02/01/2006	4.700%	255,000.00		255,000.00
Registered	02/01/2007	4.700%	265,000.00		265,000.00
Registered	02/01/2008	4.750%	280,000.00		280,000.00
Registered	02/01/2009	4.750%	280,000.00		280,000.00
Registered	02/01/2010	4.750%	295,000.00		295,000.00
Registered	02/01/2011	4.750%	310,000.00		310,000.00
Registered	02/01/2012	4.750%	325,000.00		325,000.00
Registered	02/01/2013	4.800%	340,000.00		340,000.00
Registered	02/01/2014	4.850%	360,000.00		360,000.00
Registered	02/01/2015	4.875%	375,000.00		375,000.00
Registered	02/01/2016	4.875%	395,000.00		395,000.00
Registered	02/01/2017	4.875%	415,000.00		415,000.00
Registered	02/01/2018	4.875%	435,000.00		435,000.00
Registered	02/01/2019	4.875%	455,000.00		455,000.00
Registered	02/01/2020	4.875%	480,000.00		480,000.00
Registered	02/01/2021	4.875%	505,000.00		505,000.00
Registered	02/01/2022	4.875%	530,000.00		530,000.00
Registered	02/01/2023	4.875%	555,000.00		555,000.00
Registered	02/01/2024	4.875%	585,000.00		585,000.00
Registered	02/01/2025	4.875%	610,000.00		610,000.00
Registered	02/01/2026	4.875%	645,000.00		645,000.00
Registered	02/01/2027	4.875%	675,000.00		675,000.00
Registered	02/01/2028	4.875%	435,000.00		435,000.00
TOTALS			11,355,000.00	1,550,000.00	9,805,000.00

Northern Kentucky Water Service District				Attachment 22-C	
FhMA Load 2,287,000		2000			
Year	Maturity Date	Interest Rate	Principle Amount	Principle Paid	Outstanding
2000			0.00	0.00	
2001			0.00	0.00	
2002			21,000.00	21,000.00	
2003			22,000.00	22,000.00	
2004			24,000.00	24,000.00	
2005			24,000.00	24,000.00	
2006			26,000.00		26,000.00
2007			27,000.00		27,000.00
2008			28,000.00		28,000.00
2009			30,000.00		30,000.00
2010			31,000.00		31,000.00
2011			33,000.00		33,000.00
2012			34,000.00		34,000.00
2013			36,000.00		36,000.00
2014			38,000.00		38,000.00
2015			40,000.00		40,000.00
2016			42,000.00		42,000.00
2017			44,000.00		44,000.00
2018			46,000.00		46,000.00
2019			49,000.00		49,000.00
2020			51,000.00		51,000.00
2021			54,000.00		54,000.00
2022			56,000.00		56,000.00
2023			59,000.00		59,000.00
2024			62,000.00		62,000.00
2025			65,000.00		65,000.00
2026			68,000.00		68,000.00
2027			72,000.00		72,000.00
2028			75,000.00		75,000.00
2029			79,000.00		79,000.00
2030			83,000.00		83,000.00
2031			87,000.00		87,000.00
2032			92,000.00		92,000.00
2033			96,000.00		96,000.00
2034			102,000.00		102,000.00
2035			107,000.00		107,000.00
2036			112,000.00		112,000.00
2037			118,000.00		118,000.00
2038			124,000.00		124,000.00
2039			130,000.00		130,000.00
TOTALS	0.00	0.00	2,287,000.00	91,000.00	2,196,000.00

Northern Kentucky Water Service District

Attachment 22-D

Bond Issue \$16,325,000.00 Dated 10-23-2001

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2002	2.700%	285,000.00	285,000.00	
Registered	2/1/2003	3.000%	235,000.00	235,000.00	
Registered	2/1/2004	3.250%	240,000.00	240,000.00	
Registered	2/1/2005	3.450%	230,000.00	230,000.00	
Registered	2/1/2006	3.600%	215,000.00		215,000.00
Registered	2/1/2007	3.750%	195,000.00		195,000.00
Registered	2/1/2008	3.900%	170,000.00		170,000.00
Registered	2/1/2009	4.000%	155,000.00		155,000.00
Registered	2/1/2010	4.100%	75,000.00		75,000.00
Registered	2/1/2011	4.200%	80,000.00		80,000.00
Registered	2/1/2012	4.350%	80,000.00		80,000.00
Registered	2/1/2013	4.450%	735,000.00		735,000.00
Registered	2/1/2014	4.550%	770,000.00		770,000.00
Registered	2/1/2015	4.670%	810,000.00		810,000.00
Registered	2/1/2016	4.750%	845,000.00		845,000.00
Registered	2/1/2017	4.820%	890,000.00		890,000.00
Registered	2/1/2018	4.850%	930,000.00		930,000.00
Registered	2/1/2019	4.900%	980,000.00		980,000.00
Registered	2/1/2020	4.950%	1,030,000.00		1,030,000.00
Registered	2/1/2021	5.000%	1,080,000.00		1,080,000.00
Registered	2/1/2022	5.000%	1,135,000.00		1,135,000.00
Registered	2/1/2023	5.000%	1,195,000.00		1,195,000.00
Registered	2/1/2024	5.100%	1,255,000.00		1,255,000.00
Registered	2/1/2025	5.100%	1,320,000.00		1,320,000.00
Registered	2/1/2026	5.100%	1,390,000.00		1,390,000.00
TOTALS			16,325,000.00	990,000.00	15,335,000.00

Northern Kentucky Water Service District

Attachment 22-E

Bond Issue \$45,485,000.00 Dated 2/1/2002

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2003				
Registered	2/1/2003	4.50%	350,000.00	350,000.00	
Registered	2/1/2004	4.50%	345,000.00	345,000.00	
Registered	2/1/2005	4.50%	360,000.00	360,000.00	
Registered	2/1/2006	4.50%	370,000.00		370,000.00
Registered	2/1/2007	4.50%	380,000.00		380,000.00
Registered	2/1/2008	4.50%	410,000.00		410,000.00
Registered	2/1/2009	4.50%	365,000.00		365,000.00
Registered	2/1/2010	4.50%	465,000.00		465,000.00
Registered	2/1/2111	4.50%	485,000.00		485,000.00
Registered	2/1/2012	4.50%	1,530,000.00		1,530,000.00
Registered	2/1/2013	4.50%	950,000.00		950,000.00
Registered	2/1/2114	4.50%	990,000.00		990,000.00
Registered	2/1/2115	4.65%	1,035,000.00		1,035,000.00
Registered	2/1/2116	4.75%	1,100,000.00		1,100,000.00
Registered	2/1/2117	4.75%	1,625,000.00		1,625,000.00
Registered	2/1/2118	4.75%	2,520,000.00		2,520,000.00
Registered	2/1/2119	4.75%	2,640,000.00		2,640,000.00
Registered	2/1/2020	5.00%	3,080,000.00		3,080,000.00
Registered	2/1/2021	5.00%	3,240,000.00		3,240,000.00
Registered	2/1/2022	5.00%	3,405,000.00		3,405,000.00
Registered	2/1/2023	5.00%	3,580,000.00		3,580,000.00
Registered	2/1/2024	5.00%	3,765,000.00		3,765,000.00
Registered	2/1/2025	5.00%	3,960,000.00		3,960,000.00
Registered	2/1/2026	5.00%	4,160,000.00		4,160,000.00
Registered	2/1/2027	5.00%	4,375,000.00		4,375,000.00
TOTALS			45,485,000.00	1,055,000.00	44,430,000.00

Northern Kentucky Water Service District

Attachment 22-F

Bond Issue \$10,575,000.00 Dated 12/5/2002

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	12/5/2002				
Registered	2/1/2003	3.00%	535,000.00	535,000.00	
Registered	2/1/2004	3.00%	455,000.00	455,000.00	
Registered	2/1/2005	3.00%	490,000.00	490,000.00	
Registered	2/1/2006	3.00%	530,000.00		530,000.00
Registered	2/1/2007	3.50%	580,000.00		580,000.00
Registered	2/1/2008	3.50%	625,000.00		625,000.00
Registered	2/1/2009	3.50%	745,000.00		745,000.00
Registered	2/1/2010	3.75%	775,000.00		775,000.00
Registered	2/1/2111	4.00%	805,000.00		805,000.00
Registered	2/1/2012	4.00%	835,000.00		835,000.00
Registered	2/1/2013	4.00%	870,000.00		870,000.00
Registered	2/1/2114	4.00%	900,000.00		900,000.00
Registered	2/1/2115	4.00%	930,000.00		930,000.00
Registered	2/1/2116	4.00%	965,000.00		965,000.00
Registered	2/1/2117	4.00%	535,000.00		535,000.00
TOTALS			10,575,000.00	1,480,000.00	9,095,000.00

Northern Kentucky Water Service District
 2003 Series A
 Bond Issue \$1,615,000.00 Dated 3/13/03

Attachment 22-G

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2004	1.20%	35,000.00	35,000.00	
Registered	2/1/2005	1.38%	35,000.00	35,000.00	
Registered	2/1/2006	1.75%	35,000.00		35,000.00
Registered	2/1/2007	2.20%	35,000.00		35,000.00
Registered	2/1/2008	2.60%	35,000.00		35,000.00
Registered	2/1/2009	3.00%	40,000.00		40,000.00
Registered	2/1/2010	3.30%	40,000.00		40,000.00
Registered	2/1/2011	3.55%	40,000.00		40,000.00
Registered	2/1/2012	3.70%	40,000.00		40,000.00
Registered	2/1/2113	3.85%	45,000.00		45,000.00
Registered	2/1/2014	3.95%	45,000.00		45,000.00
Registered	2/1/2015	4.05%	45,000.00		45,000.00
Registered	2/1/2116	4.15%	50,000.00		50,000.00
Registered	2/1/2117	4.25%	50,000.00		50,000.00
Registered	2/1/2118	4.50%	55,000.00		55,000.00
Registered	2/1/2119	4.50%	55,000.00		55,000.00
Registered	2/1/2020	4.50%	60,000.00		60,000.00
Registered	2/1/2121	4.50%	60,000.00		60,000.00
Registered	2/1/2022	4.50%	65,000.00		65,000.00
Registered	2/1/2023	4.55%	65,000.00		65,000.00
Registered	2/1/2024	4.55%	70,000.00		70,000.00
Registered	2/1/2025	4.55%	75,000.00		75,000.00
Registered	2/1/2026	4.55%	75,000.00		75,000.00
Registered	2/1/2027	4.55%	80,000.00		80,000.00
Registered	2/1/2028	4.60%	85,000.00		85,000.00
Registered	2/1/2029	4.60%	85,000.00		85,000.00
Registered	2/1/2030	4.60%	90,000.00		90,000.00
Registered	2/1/2031	4.60%	95,000.00		95,000.00
Registered	2/1/2032	4.60%	30,000.00		30,000.00
TOTALS			1,615,000.00	70,000.00	1,545,000.00

Northern Kentucky Water Service District

Attachment 22-H

2003 Series B

Bond Issue \$30,270,000.00 Dated 8/1/2003

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2004	0.02	825,000.00	825,000.00	
Registered	2/1/2005	2.00%	845,000.00	845,000.00	
Registered	2/1/2006	2.00%	860,000.00		860,000.00
Registered	2/1/2007	2.00%	880,000.00		880,000.00
Registered	2/1/2008	2.00%	895,000.00		895,000.00
Registered	2/1/2004	2.25%	915,000.00		915,000.00
Registered	2/1/2010	2.75%	940,000.00		940,000.00
Registered	2/1/2011	3.00%	965,000.00		965,000.00
Registered	2/1/2012	3.13%	995,000.00		995,000.00
Registered	2/1/2013	3.13%	1,030,000.00		1,030,000.00
Registered	2/1/2014	3.13%	1,060,000.00		1,060,000.00
Registered	2/1/2015	3.25%	1,095,000.00		1,095,000.00
Registered	2/1/2016	3.50%	1,135,000.00		1,135,000.00
Registered	2/1/2017	4.00%	1,175,000.00		1,175,000.00
Registered	2/1/2018	4.00%	1,225,000.00		1,225,000.00
Registered	2/1/2019	4.00%	1,275,000.00		1,275,000.00
Registered	2/1/2020	4.13%	1,325,000.00		1,325,000.00
Registered	2/1/2021	4.13%	1,380,000.00		1,380,000.00
Registered	2/1/2022	1.43%	1,440,000.00		1,440,000.00
Registered	2/1/2023	4.13%	1,500,000.00		1,500,000.00
Registered	2/1/2024	4.13%	1,565,000.00		1,565,000.00
Registered	2/1/2025	4.13%	1,630,000.00		1,630,000.00
Registered	2/1/2026	4.13%	1,700,000.00		1,700,000.00
Registered	2/1/2027	4.13%	1,770,000.00		1,770,000.00
Registered	2/1/2028	4.13%	1,845,000.00		1,845,000.00
TOTALS			30,270,000.00	1,670,000.00	28,600,000.00

Northern Kentucky Water Service District

Attachment 22-I

2003 Series C

Bond Issue \$23,790,000.00 Dated 12/18/2003

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2004	2.00%	1,430,000.00	1,430,000.00	
Registered	2/1/2005	2.00%	1,160,000.00	1,160,000.00	
Registered	2/1/2006	2.00%	1,180,000.00		1,180,000.00
Registered	2/1/2007	2.25%	1,215,000.00		1,215,000.00
Registered	2/1/2008	2.50%	1,235,000.00		1,235,000.00
Registered	2/1/2009	2.75%	1,270,000.00		1,270,000.00
Registered	2/1/2010	3.00%	1,305,000.00		1,305,000.00
Registered	2/1/2111	3.25%	1,350,000.00		1,350,000.00
Registered	2/1/2012	3.50%	1,395,000.00		1,395,000.00
Registered	2/1/2013	3.50%	1,445,000.00		1,445,000.00
Registered	2/1/2114	4.00%	1,505,000.00		1,505,000.00
Registered	2/1/2115	4.00%	1,565,000.00		1,565,000.00
Registered	2/1/2116	4.00%	1,625,000.00		1,625,000.00
Registered	2/1/2117	4.00%	1,690,000.00		1,690,000.00
Registered	2/1/2118	4.00%	1,595,000.00		1,595,000.00
Registered	2/1/2119	4.13%	1,665,000.00		1,665,000.00
Registered	2/1/2020	4.25%	1,160,000.00		1,160,000.00
TOTALS			23,790,000.00	2,590,000.00	21,200,000.00

Northern Kentucky Water Service District

Attachment 22-J

Bond Issue

Dated 2/1/2002

Bond Number	Maturity Date	Interest Rate	Principle Amount	Amounts Paid	Outstanding
Registered	2/1/2005		270,000.00	270,000.00	
Registered	2/1/2006		275,000.00		275,000.00
Registered	2/1/2007		285,000.00		285,000.00
Registered	2/1/2008		290,000.00		290,000.00
Registered	2/1/2009		295,000.00		295,000.00
Registered	2/1/2010		305,000.00		305,000.00
Registered	2/1/2111		315,000.00		315,000.00
Registered	2/1/2012		325,000.00		325,000.00
Registered	2/1/2013		335,000.00		335,000.00
Registered	2/1/2114		345,000.00		345,000.00
Registered	2/1/2115		360,000.00		360,000.00
Registered	2/1/2116		375,000.00		375,000.00
Registered	2/1/2117		390,000.00		390,000.00
Registered	2/1/2118		405,000.00		405,000.00
Registered	2/1/2119		425,000.00		425,000.00
Registered	2/1/2020		460,000.00		460,000.00
Registered	2/1/2021		485,000.00		485,000.00
Registered	2/1/2022		505,000.00		505,000.00
Registered	2/1/2023		530,000.00		530,000.00
Registered	2/1/2024		555,000.00		555,000.00
Registered	2/1/2025		580,000.00		580,000.00
Registered	2/1/2026		605,000.00		605,000.00
Registered	2/1/2027		635,000.00		635,000.00
Registered	2/1/2028		665,000.00		665,000.00
TOTALS			10,015,000.00	270,000.00	9,745,000.00

Account 221, BONDS

Line No.	Par Value of Actual Issue 1	Cash Realized on Actual Issue 2	Par Value of Amount Held by or for Respondent 3	Actually Outstanding at Close of year 4	Interest During Year	
					Accrued 5	Actually Paid 6
1	11,225,000	11,131,694		6,310,000	301,911	316,990
2	11,355,000	11,141,619		9,805,000	476,086	480,836
3	2,287,000	2,287,000		2,196,000	110,200	110,400
4	16,325,000	15,835,250		15,335,000	729,746	733,100
5	48,485,000	44,121,624		44,430,000	2,169,790	2,176,540
6	10,575,000	10,525,204		9,095,000	350,581	356,706
7	1,615,000	1,583,553		1,545,000	64,878	65,078
8	30,270,000	30,068,115		28,600,000	1,032,108	139,150
9	23,790,000	23,532,357		21,200,000	738,277	747,944
10	10,455,000	10,195,116		10,185,000	403,081	303,323
Total	166,382,000	160,421,532	36,332,688	148,701,000	6,376,659	5,430,067

Schedule of Bond Maturities

Line No.	Bond Numbers 7	Maturity Date 8	Interest Rate 9	Principal Amount 10	Amount Paid 11	Remaining Bonds Outstanding 12
1						
2	See Attachments 22-A Through 22-I					
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						

Notes Payable (Acct. 232 & 234)

a	Nominal Date of Issue b	Date of Maturity c	INTEREST		Principal Amount per Balance Sheet f
			Rate d	Amount of payment e	
Account 232 - Note Payable					
Kenton Co. Fiscal Court				\$	\$ 100,000
BAN 2004A	Apr-04	2006	1.70%	61,285.00	3,605,000
BAN 2005A	May-05	2007		876,920.00	17,980,000
Total Account 232				\$	\$ 21,685,000
Account 234 - Notes Payable To Associated Companies					
		N/A		\$	\$
Total Account 234				\$	\$

Accounts Payable to Associated Companies (Acct. 233)

Show Payable to Each Associated Company Separately	Amount
	\$
N/A	
Total	\$

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL ©
	Balance first of year.....	\$ -
	Accruals Charged:	
408.1	Utility regulatory assessment fees.....	
408.11	Property taxes.....	
408.12	Payroll taxes.....	544,011
408.13	Other taxes and licenses.....	
408.2	Taxes other than income, other income and deductions	
	Total taxes accrued.....	\$ 544,011
	Taxes paid during year:	
408.1	Utility regulatory assessment fees.....	
408.11	Property taxes.....	
408.12	Payroll taxes.....	544,011
408.13	Other taxes and licenses.....	
408.2	Taxes other than income, other income and deductions	
	Total taxes paid.....	\$ 544,011
	Balance end of year.....	\$ -

ACCRUED INTEREST (ACCOUNT 237)

DESC. DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Acct. No. 237.1 - Accrued Interest on Long-term Debt				
Series 1997	139,619	301,911	316,990	124,540
Series 1998	202,724	476,086	480,836	197,973
2000 RUS Loan	18,500	110,200	110,400	18,300
Series 2001	307,135	729,746	733,100	303,781
Series 2002 A	910,268	2,169,789	2,176,540	903,517
Series 2002 B	151,689	350,582	356,706	145,565
Series 2003 A	27,216	64,878	65,078	27,016
Series 2003 B	436,499	1,032,109	1,039,150	429,458
Series 2003 C	316,476	738,278	747,944	306,810
Series 2004 A	68,005	402,735	303,323	167,417
Total Acct No. 237.1	\$ 2,578,131	\$ 6,376,314	\$ 6,330,068	\$ 2,624,376
Acct. No. 237.2 - Accrued Interest on Other Liabilities:				
2004 BAN # 1	\$ 15,321	\$ 61,285	\$ 61,285	\$ 15,321
2005 BAN # 2		374,965	277,566	97,399
		-		-
Total Acct No. 237.2	\$ 15,321	\$ 436,250	\$ 338,851	\$ 112,720
Total Acct No 237	\$ 2,593,452	\$ 6,812,565	\$ 6,668,919	\$ 2,737,096

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL ©
	Balance first of year.....	\$ -
	Accruals Charged:	
408.1	Utility regulatory assessment fees.....	
408.11	Property taxes.....	
408.12	Payroll taxes.....	544,011
408.13	Other taxes and licenses.....	
408.2	Taxes other than income, other income and deductions	
	Total taxes accrued.....	\$ 544,011
	Taxes paid during year:	
408.1	Utility regulatory assessment fees.....	
408.11	Property taxes.....	
408.12	Payroll taxes.....	544,011
408.13	Other taxes and licenses.....	
408.2	Taxes other than income, other income and deductions	
	Total taxes paid.....	\$ 544,011
	Balance end of year.....	\$ -

ACCRUED INTEREST (ACCOUNT 237)

DESC. DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Acct. No. 237.1 - Accrued Interest on Long-term Debt				
Series 1997	139,619	301,911	316,990	124,540
Series 1998	202,724	476,086	480,836	197,973
2000 RUS Loan	18,500	110,200	110,400	18,300
Series 2001	307,135	729,746	733,100	303,781
Series 2002 A	910,268	2,169,789	2,176,540	903,517
Series 2002 B	151,689	350,582	356,706	145,565
Series 2003 A	27,216	64,878	65,078	27,016
Series 2003 B	436,499	1,032,109	1,039,150	429,458
Series 2003 C	316,476	738,278	747,944	306,810
Series 2004 A	68,005	402,735	303,323	167,417
Total Acct No. 237.1	\$ 2,578,131	\$ 6,376,313	\$ 6,330,068	\$ 2,624,376
Acct. No. 237.2 - Accrued interest on Other Liabilities:				
2004 BAN # 1	\$ 30,643	\$ 45,964	\$ 61,285	\$ 15,321
2005 BAN # 2		374,965	277,566	97,399
		-		-
Total Acct No. 237.2	\$ 30,643	\$ 420,929	\$ 338,851	\$ 112,720
Total Acct No 237	\$ 2,608,774	\$ 6,797,242	\$ 6,668,919	\$ 2,737,097

Miscellaneous Current & Accrued Liabilities (Account 242)

Description (a)	Balance End of Year (b)
Accrued Payroll Taxes	\$ 3,265
Accrued Payroll	141,235
Accrued Sales Taxes	58,086
Accrued Pension	118,462
Accrued Vacation/Sick	742,606
Subdistrict Surcharges Payable	565,669
Total Miscellaneous Current & Accrued Liabilities.....	\$ 1,629,323

241-0007-000

Regulatory Commission Expense (Accounts 666 and 667)

DESCRIPTION OF CASE (DOCKET #) (a)	TOTAL INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT # 186.1 (c)	EXPENSED DURING YEAR	
			ACCT. (d)	AMOUNT (e)
Rate Case 2005-0148 (Case still pending as of 12/31/05)	211,583	211,583		
Rate Case 2002-0105			667	\$ 145,116
Rate Case 2003-0234			667	\$ 62,076

Miscellaneous Current & Accrued Liabilities (Account 242)

Description (a)	Balance End of Year (b)
Accrued Payroll Taxes	\$ 3,265
Accrued Payroll	141,235
Accrued Sales Taxes	58,086
Accrued Pension	118,462
Accrued Vacation/Sick	742,606
Subdistrict Surcharges Payable	565,669
Total Miscellaneous Current & Accrued Liabilities.....	\$ 1,629,323

241-0007-000

Regulatory Commission Expense (Accounts 666 and 667)

DESCRIPTION OF CASE (DOCKET #) (a)	TOTAL INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT # 186.1 (c)	EXPENSED DURING YEAR	
			ACCT. (d)	AMOUNT (e)
Rate Case 2005-0148 (Case still pending as of 12/31/05)	195,519	211,583		
Rate Case 2002-0105			667	\$ 145,116
Rate Case 2003-0234			667	\$ 62,076

WATER OPERATING REVENUE

Acct. No Acct.	b	Beginning Year No. Customers c	Year End No. Customers d	Amounts e
	Operating Revenues:			
460	Unmetered Water Revenue			
461	Metered Water Revenue			
461.1	Sales to Residential Customers	57,852	72,563	\$ 20,045,989
461.2	Sales to Commercial Customers	3,861	4,509	5,445,797
461.3	Sale to Industrial Customers	106	116	2,472,461
461.4	Sales to Public Authorities	379	491	1,937,221
461.5	Sales to Multiple Family Dwellings	1,087	1,551	2,404,094
461.6	Sales through Bulk Loading Stations	1	-	4,538
	Total Metered Sales	63,286	79,230	32,310,100
462	Fire Protection Revenue:			
462.1	Public Fire Protection			
462.2	Private Fire Protection	367	450	73,995
	Total Fire Protection Revenue	367	450	73,995
464	Other Sales to Public Authorities			
465	Sales to Irrigation Customers			
466	Sales for Resale	7	3	845,183
467	Miscellaneous Sales	1	2	
	Total Sales of Water	63,661	79,685	33,229,278
	Other Water Revenues:			
470	Forfeited Discounts			\$ 752,736
471	Miscellaneous Service Revenues			
472	Rents from Water Property			506,326
473	Interdepartmental Rents			
474	Other Water Revenues			358,282
475	Provision for Rate Refunds			
	Total Other Water Revenues:			1,617,344
	Total Water Operating Revenues			\$ 34,846,622

Water Utility Expense Accounts

Acct. No. a	Account Name b	Current Year c	Water Expense Account Matrix							
			0.1	0.2	0.3	0.4	.5.	0.6	0.7	0.8
			Source of Supply & Expenses Operation d	Source of Supply & Expenses Mainten. e	Water Treatment Expenses/ Operation f	Water Treatment Expenses/ Maint. g	Trans. & Distribut Expenses Operation h	Trans. & Dist. Expenses Maint. i	Customer Accounts Expense j	Adminis- trative Gen Expenses k
601	Salaries and Wages - Employees	\$ 6,811,773	-	46	1,449,102	493,118	618,775	1,969,869	1,634,355	646,507
603	Salaries and Wages - Officers, Directors & Majority Stockholders	656,510	-	-	100,256		105,227	-	89,586	361,442
604	Employee Pensions and Benefits	2,413,137	-	-	507,288	93,400	425,806	458,966	579,157	348,520
610	Purchased Water	-	-	xxx	xxx	xxx	xxx	xxx	xxx	xxx
615	Purchased Power	2,121,220	609,258	xxx	355,921	xxx	1,047,697	xxx	-	108,344
616	Fuel for Power Production	-	-	-	-	-	-	-	-	-
618	Chemicals	1,035,885	-	-	1,035,885	-	-		xxx	xxx
620	Materials & Supplies	1,680,127		29,684	157,892	155,011	98,372	797,313	218,988	222,867
631	Contractual Services - Eng.	95,651	-	-			78,527	17,124	-	-
632	Contractual Services - Acct.	16,875	-	-	-	-	-	-	-	16,875
633	Contractual Services - Legal	114,219	-	-	4,579	-	19,707	-	3,341	86,592
634	Contractual Services - Management Fees	3,211	-	-	-	-	-	-	-	3,211
635	Contractual Services - Other	3,541,011	1,776	136,443	506,785	186,092	157,126	1,718,312	117,541	716,936
641	Rental of Bldg./Real Property	10,689	-	-	-	-	-	-	-	10,689
642	Rental of Equipment	-	-	-	-	-	-	-	-	-
650	Transportation Expenses	414,604	-	174	35,809	392	36,412	246,986	89,377	5,454
656	Insurance - Vehicle	86,502	-	-	16,459	-	42,456	-	23,807	3,780
657	Insurance - General Liability	272,040	-	-	87,048	-	144,180	-	27,204	13,608
658	Insurance - Worker's Comp	223,343	-	-	57,808	-	77,548	-	57,947	30,040
659	Insurance - Other	139,539	-	-	35,090	-	-	-	-	104,449
660	Advertising Expense	10,743	xxx	xxx	xxx	xxx	xxx	xxx	xxx	10,743
666	Regulatory Commission Exp/ Amortization of Rate Case Exp.	-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	
667	Regulatory Commission Exp/Other	258,404	-	-	-	-	-	-	258,404	-
670	Bad Debt Expense	524,536	xxx	xxx	xxx	xxx	xxx	xxx	524,536	xxx
675	Miscellaneous Expenses	49,257	-		5,387	187	6,886	8,333	9,402	19,062
	Total Water Utility Expenses	\$ 20,479,276	611,034	166,347	4,355,309	928,200	2,858,719	5,216,903	3,633,645	2,709,119

Water Utility Expense Accounts

Acct. No. a	Account Name b	Current Year c	Water Expense Account Matrix							
			0.1	0.2	0.3	0.4	.5.	0.6	0.7	0.8
			Source of Supply & Expenses Operation d	Source of Supply & Expenses Maintn. e	Water Treatment Expemses/ Operation f	Water Treatment Expenses/ Maint. g	Trans. & Distribut Expenses Operation h	Trans. & Dist. Expenses Maint. i	Customer Accounts Expense j	Adminis- trative Gen Expenses k
601	Salaries and Wages - Employees	\$ 6,811,773	-	46	1,449,102	493,118	618,775	1,969,869	1,634,355	646,507
603	Salaries and Wages - Officers, Directors & Majority Stockholders	656,510	-	-	100,256	-	105,227	-	89,586	361,442
604	Employee Pensions and Benefits	2,413,136	-	-	507,288	93,400	425,806	458,966	579,157	348,519
610	Purchased Water	-	-	xxx	xxx	xxx	xxx	xxx	xxx	xxx
615	Purchased Power	2,121,220	609,258	xxx	355,921	xxx	1,047,697	xxx	-	108,344
616	Fuel for Power Production	-	-	-	-	-	-	-	-	-
618	Chemicals	1,035,885	-	-	1,035,885	-	-	-	xxx	xxx
620	Materials & Supplies	1,680,127	-	29,684	157,892	155,011	98,372	797,313	218,988	222,867
631	Contractual Services - Eng.	95,651	-	-	-	-	78,527	17,124	-	-
632	Contractual Services - Acct.	16,875	-	-	-	-	-	-	-	16,875
633	Contractual Services - Legal	114,219	-	-	4,579	-	19,707	-	3,341	86,592
634	Contractual Services - Management Fees	3,211	-	-	-	-	-	-	-	3,211
635	Contractual Services - Other	3,541,008	1,776	136,443	506,785	186,092	157,126	1,718,312	117,541	716,933
641	Rental of Bldg./Real Property	10,689	-	-	-	-	-	-	-	10,689
642	Rental of Equipment	-	-	-	-	-	-	-	-	-
650	Transportation Expenses	414,430	-	-	35,809	392	36,412	246,986	89,377	5,454
656	Insurance - Vehicle	86,502	-	-	16,459	-	42,456	-	23,807	3,780
657	Insurance - General Liability	272,040	-	-	87,048	-	144,180	-	27,204	13,608
658	Insurance - Worker's Comp	223,343	-	-	57,808	-	77,548	-	57,947	30,040
659	Insurance - Other	139,539	-	-	35,090	-	-	-	-	104,449
660	Advertising Expense	10,743	xxx	xxx	xxx	xxx	xxx	xxx	xxx	10,743
666	Regulatory Commission Exp/ Amortization of Rate Case Exp.	-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	-
667	Regulatory Commission Exp/Other	258,404	-	-	-	-	-	-	258,404	-
670	Bad Debt Expense	524,536	xxx	xxx	xxx	xxx	xxx	xxx	524,536	xxx
675	Miscellaneous Expenses	49,257	-	-	5,387	187	6,886	8,333	9,402	19,062
	Total Water Utility Expenses	\$ 20,479,098	611,034	166,173	4,355,309	928,200	2,858,719	5,216,903	3,633,645	2,709,115

1

Pumping and Purchased Water Statistics

a	Water Purchased for Resale (Omit 000's) b	Water Pumped From Plants (Omit 000's) c	Total Water Pumped and Purchased (Omit 000's) d	Water Sold to Customers (Omit 000's) e
January		817,046.0	817,046.0	578,988.5
February		717,280.0	717,280.0	522,693.4
March		798,635.0	798,635.0	797,018.2
April		813,137.2	813,137.2	536,147.7
May		899,865.0	899,865.0	519,882.4
June		1,042,279.0	1,042,279.0	887,043.5
July		1,057,621.0	1,057,621.0	675,504.6
August		1,107,166.0	1,107,166.0	639,786.1
September		908,699.0	908,699.0	1,211,747.3
October		870,173.2	870,173.2	763,043.8
November		788,829.0	788,829.0	706,168.1
December		812,867.9	812,867.9	965,766.0
Total for year		10,633,598.3	10,633,598.3	8,803,789.6
Maximum gallons pumped by all methods in any one day: 8/4/2005				44,476.0
Minimum gallons pumped by all methods in any one day (Omit 000's): 12/25/2005				21,915.0
If water is purchased for resale, indicate the folloinwg:				
Vendor: _____				
Point of delivery: _____				
If water is sold to other water utilities for redistribution, list names of such utilities below:				
Pendleton County Water District				
City of Walton				
Bullock Pen Water District				

Sales for Resale (466)

Line	Company	Gallons(000's)	Avg. Rate (Cents)	Amount
1	Pendleton County Water Dist.	97,415.9	2.40	\$235,541.76
2	City of Walton	168,960.8	2.40	\$406,099.56
3	Bullock Pen Water District	84,449.0	2.40	\$203,541.96
4				
5				
6				
7				
8				
Total		350,825.7		\$845,183.28

WATER STATISTICS

Line	Item	Gallons (000's)
1	WATER PRODUCED, PURCHASED, & DISTRIBUTED	
2	Water Produced	10,633,598
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	10,633,598
5		
6	WATER SALES:	
7	Residential	5,931,183
8	Commercial	1,659,182.2
9	Industrial	847,058.4
10	Irrigation	-
11	Resale	350,825.7
12	Other Sales	15,541
13	TOTAL WATER SALES	8,803,789.6
14		
15	OTHER WATER USED (estimate portions not metered)	
16	Utility/water treatment plant	175,351.9
17	Wastewater plant	0.0
18	System flushing	190,433.0
19	Water main breaks/leaks	97,238.0
20	Storage tank overflow	0.0
21	Fire Department	8,300.0
22	Other (construction, flushing, disinfection, ect.)	4,240.0
23	TOTAL OTHER WATER USED	475,562.9
24		
25	UNACCOUNTED-FOR WATER LOSS:	
26	Line 4 - (Line 13 + Line 23)	1,354,245.8
27		
28	UNACCOUNTED-FOR WATER LOSS PERCENTAGE	
29	Line 26 divided by Line 4	12.74%

WATER STATISTICS

Line	Item	Gallons (000's)
1	WATER PRODUCED, PURCHASED, & DISTRIBUTED	
2	Water Produced	10,633,598
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	10,633,598
5		
6	WATER SALES:	
7	Residential	5,931,183
8	Commercial	1,659,182.2
9	Industrial	847,058.4
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17	Wastewater plant	0.0
18	System flushing	190,433.0
19	Water main breaks/leaks	97,238.0
20	Storage tank overflow	0.0
21	Fire Department	8,300.0
22	Other (construction, flushing, disinfection, ect.)	4,240.0
23	TOTAL OTHER WATER USED	475,562.9
24		
25	UNACCOUNTED-FOR WATER LOSS:	
26	Line 4 - (Line 13 + Line 23)	1,354,245.8
27		
28	UNACCOUNTED-FOR WATER LOSS PERCENTAGE	
29	Line 26 divided by Line 4	12.74%

PLANT STATISTICS

Give the following information:

- 1 Number of fire hydrants, by size.
- 2 Number of private fire hydrants, by size.
- 3 Whether water supply is river, impounded streams, well, springs, artificial lake or collector type well.
- 4 Whether supply is by gravity, pumping, or a combination .
- 5 Type, capacity, and elevation of reservoirs at overflow and ground level.
- 6 Miles of main by size and kind.
- 7 Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute.
- 8 Type of chlorinators, number of units and capacity in pounds per 24 hours.
- 9 Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
- 10 Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH .
- 11 Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report.
- 12 Capacity of clear well.
- 13 Peak month, in gallons of water sold.
- 14 Peak day, in gallons of water sold.

- 1) Kenton County 5541, Campbell County 2423.

- 2) 48.

- 3) Rivers: Ohio River and the Licking River.

- 4) Plants are pumped; Distribution is combination of pumped and gravity.

- 5) See attached 31A.

- 6) See attached 31B.

- 7) Fort Thomas Treatment Plant
12 - Gravity, each 560 sq. ft.

- Taylor Mill Treatment Plant
8 - Gravity, each 560 sq. ft. @ 5 gallons per sq. ft. per minute

- 8) See attached 31C

- 9) See attached 31D

- 10) N/A

- 11) None

Water Storage Facilities
Northern Kentucky Water District
Updated: 4/26/2006

Attachment 31A

Storage Location	Address	City Location	Type Of Storage	Year In Service	Structure Height (Feet)	Base Elevation (Feet)	Top Elevation (Feet)	Overflow Elevation (Feet)	Normal Elevation (Feet)	Normal Elevation (Feet)	Diameter (Feet)	Capacity (Gallons)
Aqua Drive	100 Aqua Drive	Cold Spring	Hydropillar		184			1017				2,000,000
Barrington Road	2 Barrington Road	Ft. Wright	Hydropillar	1969	141	916.5	1057.5	1046.7	1045.0	1040.0	74	1,000,000
Bromley	1674 Highwater Road	Bromley	Ground Storage	1966	103	670.0	773.0	764.0	763.0	750.0	75	3,000,000
Dayton Avenue	2816 Dayton St.	Dayton	Ground Storage		50			829.0				500,000
Devon	US 25	Florence	Hydropillar	1991	156	939.5		1082.0		1042.0	100	2,000,000
Dudley Pike	796 Dudley Pike	Edgewood	Ground Storage	1964	59	831.0	889.5	876.0	874.0	866.0	140	5,000,000
Dudley Pike	796 Dudley Pike	Edgewood	Ground Storage	1990	59	831.0	889.5	876.0	874.0	866.0	140	5,000,000
Ft. Thomas Plant	700 Alexandria Pike	Ft. Thomas	Clearwell	1936	31	734.0	765.3	764.5	762.0	760.0		3,000,000
Ft. Thomas Plant	700 Alexandria Pike	Ft. Thomas	Clearwell	1990	35	730.0	778.5	764.5	763.5	757.5	130	3,500,000
Harrison Ave.	2361 Harrison Ave.	Bellevue	Ground Storage		60			829.0				600,000
Ida Spence	Tower Place	Covington	Elevated Tank	1952	175	840.0	1015.0	1005.0	1003.0	1000.0	57	500,000
Independence	5685 Madison Pike	Independence	Hydropillar	1981	137	943.5		1080.0		1039.5	74	1,000,000
Industrial Park	Industrial Rd. & US 25	Florence	Hydropillar	1961	146	945.5	1091.5	1083.5	1081.0	1062.0	50	500,000
John's Hill Road	Knollwood Dr.	Highland Hts.	Elevated Tank		113			1017.0				500,000
Kenton Lands Rd.	25 Kenton Lands Road	Erlanger	Elevated Tank	1953	158	896.0	1054.0	1045.0	1043.0	1033.0	50	500,000
Lumley Tank	R47 Lumley Ave.	Fort Thomas	Elevated Tank	1937	187			1017.0				275,000
Main St. Tank	Main St. & US 27	Alexandria	Elevated Tank	1962	152			1017.0				300,000
Memorial Pkwy. Plant	2055 Memorial Pkwy.	Fort Thomas	Clearwell					741.0				3,000,000
Old St. 4 Tank	Old St. Road #4	Claryville	Elevated Tank	1976	143			1017.0				1,000,000
Rosford Tank	Marion Dr.	Fort Thomas	Elevated Tank	1962	191			1017.0				300,000
South Newport Tank	Kentucky Drive	Newport	Elevated Tank		155			965.0				1,000,000
Taylor Mill Plant	608 Grand Ave.	Taylor Mill	Clearwell		15	509.5	524.5	522.0	520.0	518.0		1,000,000
Taylor Mill Standpipe	5907 Taylor Mill Rd.	Taylor Mill	Standpipe		143			1010.0	130.0	110.0		329,000
Total storage owned by NKWSD:											35,804,000	

NORTHERN KY. WATER SERVICE DISTRICT
MILES OF ANALYSIS

Attachment 31B

Size	Type	Prior Years	2004 Additions	2004 Retirements	2004 YTD TOTAL	2004 Miles	2004 Percent	2005 Additions	2005 Retirements	2005 YTD TOTALS	2005 Miles	2005 Percent
2"	Cast Iron	45.00			45.00	0.01	0.001%			45.00	0.009	0.001%
3"	Cast Iron						0.000%				0.000	0.000%
4"	Cast Iron	397,128.68	1,240.00	875.00	397,493.68	75.28	6.930%	2,094.00	3,100.00	396,487.68	75.092	6.827%
6"	Cast Iron	1,853,356.38	95,753.36	9,529.00	1,939,580.74	367.34	33.816%	737.00	6,765.00	1,933,552.74	366.203	33.291%
8"	Cast Iron	938,829.93	168,204.24	609.00	1,106,425.17	209.55	19.290%	16,786.00	12,978.00	1,110,233.17	210.271	19.116%
10"	Cast Iron	89,794.10	46,057.44		135,851.54	25.73	2.368%		350.00	135,501.54	25.663	2.333%
12"	Cast Iron	583,797.32	12,557.16	5,109.00	591,245.48	111.98	10.308%	21,555.00	1,440.00	611,360.48	115.788	10.526%
16"	Cast Iron	280,160.80	8,410.28	55.00	288,516.08	54.64	5.030%	1,500.00		290,016.08	54.927	4.993%
18"	Cast Iron	3,345.00			3,345.00	0.63	0.058%			1,949.00	0.369	0.034%
20"	Cast Iron	128,008.79	1,540.00		129,548.79	24.54	2.259%	104.00	1,500.00	129,548.79	24.536	2.231%
24"	Cast Iron	93,062.00	4,460.00		97,522.00	18.47	1.700%			97,522.00	18.470	1.679%
30"	Cast Iron	28,563.00			28,563.00	5.41	0.498%			28,563.00	5.410	0.492%
36"	Cast Iron	22,434.21	2,365.00	2,538.00	22,261.21	4.22	0.388%			22,261.21	4.216	0.383%
42"	Cast Iron	17,845.00			17,845.00	3.38	0.311%			17,845.00	3.380	0.307%
							0.000%					0.000%
20"	Concrete	6,050.00			6,050.00	1.15	0.105%			6,050.00	1.145	0.104%
24"	Concrete	21,530.00			21,530.00	4.08	0.375%			21,530.00	4.077	0.371%
36"	Concrete	35,000.00			35,000.00	6.63	0.610%			35,000.00	6.629	0.603%
							0.000%					0.000%
2"	Galvanized	375.00			375.00	0.07	0.007%			375.00	0.071	0.006%
							0.000%					0.000%
4"	Transite	50,335.00			50,335.00	9.53	0.878%			50,335.00	9.533	0.867%
6"	Transite	96,598.00		120.00	96,478.00	18.27	1.682%			96,478.00	18.272	1.661%
							0.000%					0.000%
1 1/2"	Steel	226.00			226.00	0.04	0.004%			226.00	0.043	0.004%
2"	Steel	677.00			677.00	0.13	0.012%			677.00	0.128	0.012%
4"	Steel	83.00			83.00	0.02	0.001%			83.00	0.016	0.001%
6"	Steel	11.00			11.00	0.00	0.000%			11.00	0.002	0.000%
8"	Steel	31.00			31.00	0.01	0.001%			31.00	0.006	0.001%
10"	Steel	15.00			15.00	0.00	0.000%			15.00	0.003	0.000%
12"	Steel	1,681.00			1,681.00	0.32	0.029%			1,681.00	0.318	0.029%
16"	Steel	582.00			582.00	0.11	0.010%			582.00	0.110	0.010%
24"	Steel	5,227.00		3,178.00	5,227.00	0.99	0.091%		1,500.00	5,272.00	0.998	0.091%
							0.000%					0.000%

Attachment 31B

Size	Type	Prior Years	2004 Additions	2004 Retirements	2004 YTD TOTAL	2004 Miles	2004 Percent	2005 Additions	2005 Retirements	2005 YTD TOTALS	2005 Miles	2005 Percent
3/4"	Copper	52.00			52.00	0.01	0.001%			52.00	0.010	0.001%
1"	Copper	3,787.00			3,787.00	0.72	0.066%			3,787.00	0.717	0.065%
1 1/2"	Copper	4,150.00			4,150.00	0.79	0.072%			4,150.00	0.786	0.071%
2"	Copper	12,648.30			12,648.30	2.40	0.221%			12,648.30	2.396	0.218%
							0.000%					0.000%
1"	Plastic	2,973.00			2,973.00	0.56	0.052%			2,973.00	0.563	0.051%
1 1/2"	Plastic	2,292.00			2,292.00	0.43	0.040%			2,292.00	0.434	0.039%
2"	Plastic	66,168.00	2,120.00		68,288.00	12.93	1.191%	2,551.00		70,839.00	13.416	1.220%
3"	Plastic	114,986.00			114,986.00	21.78	2.005%			114,986.00	21.778	1.980%
4"	Plastic	29,539.00			29,539.00	5.59	0.515%			29,539.00	5.595	0.509%
6"	Plastic	123,346.60	7,320.00		130,666.60	24.75	2.278%	6,499.00		137,165.60	25.978	2.362%
8"	Plastic	347,923.00	36,101.00		384,024.00	72.73	6.695%	37,848.00		421,872.00	79.900	7.264%
12"	Plastic	5,839.00			5,839.00	1.11	0.102%	8,555.00		14,394.00	2.726	0.248%
TOTAL		5,368,495.11	386,128.48	22,013.00	5,735,788.59	1,086.32	100.0%	98,229.00	27,633.00	5,804,379.59	1,099.99	100.0%

Northern Kentucky Water District
 Chlorinators and Sodium Hypochlorite Feeders In System
 Updated 4/26/2006

Attachment 31C

Location	# of Units	Form of Chlorine	Type	Capacity (ea.)
Bromley Pump Station	1	Sodium Hypochlorite	Jesco Pump	1.3 GPH
West Covington Pump Station	1	Sodium Hypochlorite	Jesco Pump	2.8 GPH
Bristow Road Pump Station	1	Sodium Hypochlorite	Watson Marlow	5 GPH
Dudley Pump Station	2	Sodium Hypochlorite	US Filter Wallace & Tiernan Encore 700	12 GPH
Fort Thomas Treatment Plant	1	Sodium Hypochlorite	Watson Marlow	77 GPH
	7		US Filter Wallace & Tiernan Encore 700	
Taylor Mill Treatment Plant	2	Sodium Hypochlorite	US Filter Wallace & Tiernan Encore 700	5 GPH
	3		US Filter Wallace & Tiernan Encore 700	22.5 GPH
Ohio River Pump Station	4	Sodium Hypochlorite	Milton Roy Max Roy B	195 GPH
Memorial Pky Treatment Plant	1	Sodium Hypochlorite	Watson Marlow	9.1 GPH
	2		Seepex	8 GPH

KENTUCKY PUBLIC SERVICE COMMISSION
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 20 06

NORTHERN KENTUCKY WATER DISTRICT 100 AQUA DRIVE - P.O. BOX 220 - COLD SPRING,
(Utility Reporting) (Address)

FEIN # (Federal Employer Identification Number)

Table with 10 cells containing the FEIN number: 6, 1, -, 1, 3, 1, 1, 6, 9, 5

(DO NOT INCLUDE TAXES COLLECTED)

- (1) Gross Revenues of Electric Utility.....\$
(2) Gross Revenues of Gas Utility.....\$
(3) Gross Revenues of Water Utility.....\$ 33,229,279.00
(4) Gross Revenues of Sewer Utility.....\$
(5) Other Operating Revenues.....\$ 1,716,334.00
*** TOTAL GROSS REVENUES.....\$ 34,945,623.00

OATH

State of... KENTUCKY.....)
) ss.
County of... CAMPBELL.....)

JACK BRAGG, CPA, CMA being duly sworn, states that he/she is
(Officer)

VICE-PRESIDENT OF FINANCE of the NORTHERN KENTUCKY WATER DISTRICT that the above
(Official Title) (Utility Reporting)

report of gross revenues is in exact accordance with NORTHERN KENTUCKY WATER DISTRICT, and that such
(Utility Reporting)

books accurately show the gross revenues of: NORTHERN KENTUCKY WATER DISTRICT, derived from
(Utility Reporting)

Intra-Kentucky business for the calendar year ending December 31, 20 06

Signature of Jack Bragg, VICE-PRESIDENT OF FINANCE
(Officer) (Title)

This the 30 day of March, 20 06

Signature of Ronny Barrow, (Notary Public)
Campbell (County)
4-8-08 (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.

OATH

Commonwealth of Kentucky);
County of Kenton); SS:

Jack Bragg, Jr. makes oath and says
that he is Vice President of Finance of
Northern Kentucky Water District ;

that it is his 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, 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 has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he 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

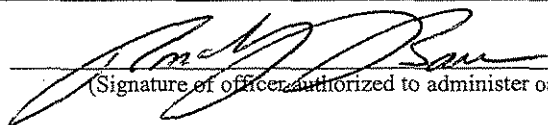
January 1, 2005, to and including December 31, 2005


Signature of official

Subscribed and sworn to before me, a NOTARY PUBLIC in and for the
State and County above named, this 27 day of April, 2001.

(Apply Seal Here)

My commission expires: 1-14-09


(Signature of officer authorized to administer oath)



Ernie Fletcher
Governor

Lajuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

March 28, 2006

Hon. John N. Hughes
Attorney At Law
124 W. Todd Street
Frankfort, KY 40601

RE: Northern Kentucky Water District

Dear Mr. Hughes:

Your request, on behalf of Northern Kentucky Water District, for an extension of time to May 1, 2006, for filing of the 2005 annual report of Northern Kentucky Water District is being granted, with the understanding that every effort will be made to complete and file the annual report at an earlier date.

An extension for filing the Report of Gross Operating Revenues Derived From Intra-Kentucky Business can not be granted. It is to be filed before March 31, 2006. Failure to comply with Commission Regulation 807 KAR 5:006, Section 3(1) and KRS 278.140, may result in the imposition of penalties as provided in KRS 278.990 and **WILL** result in the revocation of the extension for filing the Annual Report.

Sincerely,

Bill Feldman
Assistant Director
Filings Division

✓ cc: Northern Kentucky Water District

JOHN N. HUGHES
ATTORNEY AT LAW
PROFESSIONAL SERVICE CORPORATION
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

TELEPHONE: (502) 873-7270

JNHUGHES@pscorp.net

TELEFAX: (502) 873-7059

March 27, 2006

RECEIVED

MAR 27 2006

PUBLIC SERVICE
COMMISSION

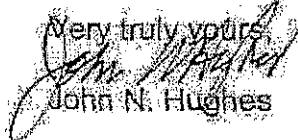
Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Dear Beth:

Northern Kentucky Water District requests an extension of time up to and including May 1, 2006 to file its 2005 Annual Report. The District has not received the Independent Auditor's final report and is in the process of moving into its new office facility. Given the lack of final audited information and the disruption of the staff's daily routine due to the relocation, the District will be unable to file the report when due. For these reasons, the extension is being requested.

If there are any questions about this, please contact me.

Very truly yours,



John N. Hughes

Attorney for Northern Kentucky
Water District

NORTHERN KENTUCKY
WATER DISTRICT

Project – Sub District F

Campbell County
184-188

Current Schedule of Outstanding Bonds,
Notes, and other Indebtedness

Balance Sheet

Income Statement

NORTHERN KENTUCKY
WATER DISTRICT

Project – Sub District F

Campbell County
184-188

Current Schedule of Outstanding Bonds,
Notes, and other Indebtedness

**NORTHERN KENTUCKY
WATER DISTRICT**

FINANCIAL STATEMENTS

December 31, 2005 and 2004

**NORTHERN KENTUCKY
WATER DISTRICT**

FINANCIAL STATEMENTS

December 31, 2005 and 2004

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In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2006 on our consideration of the Northern Kentucky Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

RANKIN, RANKIN, & COMPANY

A handwritten signature in cursive script that reads "Rankin, Rankin & Company".

**Ft. Wright, Kentucky
March 10, 2006**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2005. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent year by \$107,967,359 (net assets). This was an increase of \$6,326,016 in comparison to the prior year.
- Operating revenues increased \$2,661,370 or 8% over 2004.
- The debt coverage ratio improved from 1.31 in 2004 to 1.56 in 2005.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34. The District's basic financial statements include the statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows and the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Basis of Accounting. The District's financial statements are prepared using the accrual basis of accounting.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets

In the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, we report the District's activities:

- The District charges rates on water consumption to customers to help it cover all or most of the cost of certain services it provides.

Table 2 shows the changes in net assets for 2005, as well as revenue and expense comparisons to 2004.

Table 2
Changes in Net Assets

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Water Sales	\$ 33,229,278	\$ 30,931,919
Forfeited discounts	752,736	621,871
Rents from property	506,326	452,661
Other water revenue	358,282	178,801
Total operating revenues	<u>34,846,622</u>	<u>32,185,252</u>
Operating Expenses:		
Operations, maintenance and administration expenses	21,023,284	19,949,361
Depreciation	5,562,139	5,329,289
Total operating expenses	<u>26,585,423</u>	<u>25,278,650</u>
Net Operating Income	8,261,199	6,906,602
Non-operating Income (Expenses)		
Investment income	1,862,615	791,405
Miscellaneous non-operating income	5,432	31,136
Interest on long-term debt	(6,126,890)	(5,344,406)
Amortization of bond discount and expense	(576,617)	(524,696)
Net Non-operating income (expenses)	<u>(4,835,460)</u>	<u>(5,046,561)</u>
Income Before Capital Contributions	3,425,739	1,860,041
Capital Contributions	<u>2,900,277</u>	<u>4,368,357</u>
Change in net assets	6,326,016	6,228,398
Net assets - January 1	<u>101,641,343</u>	<u>95,412,945</u>
Net assets - December 31	<u>\$ 107,967,359</u>	<u>\$ 101,641,343</u>

The basic financial statements of the District are included in this report. Operations are accounted for in such a manner as to show changes in net assets and the District is intended to be entirely or predominantly self-supported from water user charges.

In reviewing income before capital contributions, the financial statements showed net income for the year of \$3,425,739. Operating revenues increased 8% due to the increase in the number of customer services and weather conditions that provided for a warmer, drier summer and fall increasing water consumption as well as the full effect of the 2004 rate increase. Operating expenses increased by 5%. The increase was primarily due to the continued escalation in power, chemical, and fuel costs. Capital contributions decreased by \$ 1,468,080 (33.6%) primarily due to the reduction in receipt of grants of \$ 1,097,742 and a decrease in subdivision contributions of \$ 425,627 as compared to 2004.

Economic Factors And Next Year's Budget

The District's budget for 2006 calls for an increase in water revenue due to a rate increase expected to take effect mid-year. A modest increase is planned for operating expenses as a result of increases in salaries and wages, fuel and chemical costs, and power costs.

Contacting The District's Financial Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administrative Office at 2835 Crescent Springs Road, Erlanger, KY, 41018.

Jack Bragg, CPA
Vice President, Finance
Northern Kentucky Water District

NORTHERN KENTUCKY WATER DISTRICT
BALANCE SHEETS
December 31, 2005 and 2004

	2005	2004
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Bonded indebtedness	\$ 4,556,000	\$ 4,424,000
Notes payable	3,855,000	250,000
Accounts payable	2,027,832	2,286,022
Accrued payroll and taxes	273,867	250,143
Other accrued liabilities	161,958	231,903
TOTAL CURRENT LIABILITIES	10,874,657	7,442,068
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts payable	2,848,054	843,632
Accrued interest payable	2,737,097	2,593,453
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	5,585,151	3,437,085
LONG-TERM DEBT		
Bonded indebtedness	144,145,000	148,701,000
Notes payable	20,205,000	6,080,000
TOTAL LONG-TERM DEBT	164,350,000	154,781,000
TOTAL LIABILITIES	180,809,808	165,660,153
NET ASSETS		
Invested in capital assets, net of related liabilities	46,163,597	48,201,933
Restricted	37,096,125	31,387,085
Unrestricted	24,707,637	22,052,325
TOTAL NET ASSETS	107,967,359	101,641,343
TOTAL LIABILITIES AND NET ASSETS	\$ 288,777,167	\$ 267,301,496

NORTHERN KENTUCKY WATER DISTRICT

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 35,061,144	\$ 30,324,228
Paid to suppliers for goods and services	(9,919,437)	(9,191,052)
Paid to or on behalf of employees for services	(10,401,706)	(9,894,623)
Net Cash Flows From Operating Activities	14,740,001	11,238,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,862,615	791,405
Net Cash Flows From Investing Activities	1,862,615	791,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt	(4,674,000)	(4,694,000)
Debt proceeds	17,980,000	17,060,000
Interest paid on bonds and notes, net of capitalized interest	(5,983,246)	(5,243,711)
Change in deferred assets, other than amortization	56,037	182,889
Acquisition and construction of fixed assets	(16,983,579)	(21,530,691)
Loss of disposition of assets	153,776	177,825
Capital contributions received	2,900,277	4,368,357
(Increase) decrease in restricted funds		
Boone Florence Settlement	336,016	375,100
Bond Proceeds Fund	(7,633,775)	(671,146)
Debt Service Reserve and Debt Service Account	(673,181)	(1,674,985)
Improvement, Repair and Replacement Fund	113,834	(1,222,783)
Payment of restricted liabilities	2,004,422	(3,644)
Miscellaneous non-operating income	5,432	31,136
Net Cash Flows From Capital and Related Financing Activities	(12,397,987)	(12,845,653)
Net Change in Cash and Cash Equivalents	4,204,629	(815,695)
CASH AND CASH EQUIVALENTS-Beginning of Year	2,886,075	3,701,770
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 7,090,704	\$ 2,886,075
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 8,261,199	\$ 6,906,602
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	5,562,139	5,329,289
(Increase) decrease in assessments receivable	(516)	1,662
(Increase) decrease in accounts receivable	739,574	(1,431,476)
(Increase) decrease in inventory supplies	90,362	(73,420)
(Increase) decrease in prepaid expenses	391,654	118,568
Increase (decrease) in accounts payable	(258,190)	272,537
Increase (decrease) in accrued payroll and taxes	23,724	97,909
Increase (decrease) in other accrued liabilities	(69,945)	16,882
	\$ 14,740,001	\$ 11,238,553

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2005 and 2004

Operation and Maintenance Account

The Operation and Maintenance Account is used to pay operating and maintenance costs of the District in accordance with the Annual Budget.

Boone Florence Settlement

This fund contains the settlement funds related to the early termination of water contracts with the City of Florence, Kentucky and the Boone County Water District. By direction of the Public Service Commission of the Commonwealth of Kentucky, the District holds these funds in a restricted account and moves \$438,589 to an unrestricted account each year. The fund assets are:

		2005		2004
Cash and cash equivalents	\$	1,380,552	\$	219,773
FNMA and FHLMC		1,964,070		3,460,865
Total	\$	<u>3,344,622</u>	\$	<u>3,680,638</u>

Bond Proceeds Fund

This fund contains the bond proceeds plus investment interest earned that are available for paying the cost of construction and acquisition contracts relating to the water system as provided in the various bond ordinances.

Debt Service Reserve Account

The Debt Service Reserve Account holds an amount that will equal the aggregate debt service reserve requirement (defined as the maximum annual debt service requirement in any succeeding bond fiscal year). The account assets are:

		2005		2004
Cash and cash equivalents	\$	4,086,006	\$	4,782,038
FNMA and FHLMC		8,277,272		7,642,873
Accrued Interest Receivable		109,596		109,443
Total	\$	<u>12,472,874</u>	\$	<u>12,534,354</u>

Maximum annual debt service is \$10,953,130.

Debt Service Account

The Debt Service Account accumulates monies for the purpose of paying interest on the bonds when due and payable and paying the principal of the bonds when due and payable. The account assets are:

		2005		2004
Cash and Cash Equivalents	\$	6,547,631	\$	5,812,970
Total	\$	<u>6,547,631</u>	\$	<u>5,812,970</u>

NORTHERN KENTUCKY WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

Assessments Receivable

Direct assessments from property owners are recorded as a receivable by the District at the time the improvement project is completed.

Inventory

Inventory is valued at cost using the moving average method. Inventories consist of expendable supplies held for new water line installations and maintenance and are charged to expenditures on an "as used" basis.

Utility Plant

Prior to 1978, utility plant assets were recorded as expenditures at the time of purchase and capitalized to the Plant Fund. No depreciation was provided on utility plant assets and continuing property records were not maintained.

The District obtained an independent appraisal which includes a detailed listing of District buildings, structures and contents. The appraisal serves as the basis for detailed property records that is updated on a continuous basis.

Utility plant assets are stated at cost or appraised value. Interest related to the financing of projects under construction is capitalized as part of the projects' basis in connection with the various construction projects in progress. In 2005, interest in the amount of \$126,955 has been capitalized. The cost of current repairs and maintenance is charged to expense, while the cost of replacements or betterments is capitalized.

Depreciation of the utility plant is computed on the straight-line method over the estimated useful lives of the assets. Useful lives range from:

Water lines and plant	20 to 100 years
Pumping equipment	20 to 35 years
Vehicles and other equipment	4 to 10 years

Miscellaneous Deferred Charges

The bond discounts, premiums, costs of issuance and gains or losses on advance refundings and defeasances are deferred and amortized over the life of the related bonds.

Construction in Progress

Capitalizable costs incurred on projects which are not in use or ready for use are held in construction in progress. When the asset is ready for use, related costs are transferred to utility plant.

Capital Contributions

These contributions represent assessments/reimbursements to recover the costs of new services and extensions of the distribution system. The District does not include the amount of costs incurred and contributed by outside contractors for installation of distribution systems which the District absorbs and provides for their operations and maintenance.

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2005 and 2004

Water District Refunding Revenue Bonds, Series 1997

On October 22, 1997, Water Refunding Revenue Bonds were issued by the Northern Kentucky Water District with a face value of \$11,225,000 pursuant to the 1985 General Bond Resolution as amended by a First Supplemental General Bond Resolution adopted November 17, 1987.

The purpose of the bond issue was to redeem all the \$1,600,000 Northern Kentucky Water District Water District Revenue Bond Anticipation Note, dated April 1, 1997 and to discharge and defease all of the currently outstanding i) Campbell County Kentucky Water District Revenue Refunding Bonds, 1989 Series A dated May 1, 1989; ii) Campbell County Kentucky Water District Revenue Bonds, Series 1991 dated December 1, 1991; and, iii) Campbell County Kentucky Water District Revenue Bonds, Series 1992 dated August 1, 1992.

The Water District Revenue Bonds, Series 1997, are scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2006	4.70%	\$ 810,000	\$ 279,860	\$ 1,089,860
2007	4.70%	850,000	240,850	1,090,850
2008	4.75%	890,000	199,737	1,089,737
2009	4.75%	930,000	156,512	1,086,512
2010	4.75%	975,000	111,269	1,086,269
2011-2015	4.75%	1,280,000	198,075	1,478,075
2016-2020	4.75%	390,000	91,912	481,912
2021-2022	4.75%	185,000	8,906	193,906
Totals		\$ 6,310,000	\$ 1,287,121	\$ 7,597,121

Water District Revenue Bonds, Series 1998

In December 1998, the Northern Kentucky Water District sold \$11,355,000 of its Revenue Bonds for the purpose of paying costs of acquiring and construction of various water district projects.

The Water District Revenue Bonds, Series 1998, are scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2006	4.75%	\$ 255,000	\$ 469,080	\$ 724,080
2007	4.75%	265,000	456,730	721,730
2008	4.75%	280,000	443,786	723,786
2009	4.75%	280,000	430,486	710,486
2010	4.75%	295,000	416,830	711,830
2011-2015	4.75-4.85%	1,710,000	1,852,694	3,562,694
2016-2020	4.875%	2,180,000	1,382,550	3,562,550
2021-2025	4.875%	2,785,000	780,122	3,565,122
2026-2028	4.875%	1,755,000	118,097	1,873,097
Totals		\$ 9,805,000	\$ 6,350,375	\$ 16,155,375

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

Water District Refunding and Revenue Bonds, Series 2002 A

In February 2002, the Northern Kentucky Water District sold \$45,485,000 of its Refunding and Revenue Bonds for the purpose of refunding in advance of maturity the Water District's outstanding Refunding and Revenue Bonds dated March 1, 1992 in the principal amount of \$26,565,000. Additional proceeds were used to purchase the City of Newport Waterworks system.

The Water District Revenue Bonds, Series 2002 A, are scheduled to mature as follows:

Year	Interest Rate	Principal Amount	Interest Amount	Total Debt Service
2006	4.50%	\$ 370,000	\$ 2,160,115	\$ 2,530,115
2007	4.50%	380,000	2,143,240	2,523,240
2008	4.50%	410,000	2,125,465	2,535,465
2009	4.50%	365,000	2,108,028	2,473,028
2010	4.50%	465,000	2,089,353	2,554,353
2011-2015	4.50%-4.65%	4,990,000	9,857,499	14,847,499
2016-2020	4.75-5.00%	10,965,000	8,194,306	19,159,306
2021-2025	5.00%	17,950,000	4,467,500	22,417,500
2026-2027	5.00%	8,535,000	432,124	8,967,124
Totals		\$ 44,430,000	\$ 33,577,630	\$ 78,007,630

Water District Revenue Bonds, Series 2002 B

In December 2002, the Northern Kentucky Water District sold \$10,575,000 of its Refunding Revenue Bonds for the purpose of refunding in advance of maturity the Water District's outstanding Refunding and Revenue Bonds dated December 1, 1992 in the principal amount of \$9,945,000.

The Water District Revenue Bonds, Series 2002B, are scheduled to mature as follows:

Year	Interest Rate	Principal Amount	Interest Amount	Total Debt Service
2006	3.00%	\$ 530,000	\$ 341,406	\$ 871,406
2007	3.00%	580,000	323,306	903,306
2008	3.00%	625,000	302,219	927,219
2009	3.50%	745,000	278,244	1,023,244
2010	3.75%	775,000	250,675	1,025,675
2011-2015	4.00%	4,340,000	759,319	5,099,319
2016-2017	4.125-4.25%	1,500,000	54,009	1,554,009
Totals		\$ 9,095,000	\$ 2,309,178	\$ 11,404,178

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

Water District Refunding Revenue Bonds, Series 2003 C

In December 2003, the Northern Kentucky Water District issued \$23,790,000 of its Refunding Revenue Bonds for the purpose of refunding in advance of maturity the Water District's outstanding Revenue Bonds Series 1993A, Series 1995A, and Series 1995B in the principal amount of \$21,290,000. The bonds maturing on or after February 1, 2015 are subject to redemption, in whole or in part, on any date, on or after February 1, 2014 at a redemption price of 100%.

The Water District Revenue Bonds, Series 2003C, are scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2006	2.00%	\$ 1,180,000	\$ 724,544	\$ 1,904,544
2007	2.25%	1,215,000	699,075	1,914,075
2008	2.50%	1,235,000	669,969	1,904,969
2009	2.75%	1,270,000	637,069	1,907,069
2010	2.75%	1,305,000	600,031	1,905,031
2011-2015	3.00-4.00%	7,260,000	2,285,919	9,545,919
2016-2020	4.00-4.25%	7,735,000	755,634	8,490,634
Totals		\$ 21,200,000	\$ 6,372,241	\$ 27,572,241

Water District Bond Anticipation Notes, Series 2004

In April 2004, the Northern Kentucky Water District sold \$3,605,000 of Bond Anticipation Notes for the purpose of purchasing a central facility for the district. The Bond Anticipation Notes mature as follows:

Year	Interest Rate	Principal Amount	Interest Amount	Total Debt Service
2006	1.70%	\$ 3,605,000	\$ 30,642	\$ 3,635,642
Totals		\$ 3,605,000	\$ 30,642	\$ 3,635,642

Water District Revenue Bonds, Series 2004

In November 2004, the Northern Kentucky Water District sold \$10,455,000 of its Revenue Bonds in order to fund various construction projects. The bonds maturing on or after February 1, 2015 are subject to redemption, in whole or in part beginning August 1, 2014 at a redemption price of 100%.

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

The District is in compliance with Section 726-subsection (iii) of the 1985 General Bond Resolution (as amended November 17, 1987) which requires that the net annual income and revenues, as adjusted, be equal to at least one and twenty hundredths (1.20) times the maximum annual debt service requirement coming due in any future twelve (12) month period beginning February 1 and ending January 31 on all Bonds outstanding payable from pledged receipts.

	<u>2005</u>
Year Ended December 31,	
Net annual income and revenues as defined by resolution including service applications	\$ 17,131,759
Maximum annual debt service	\$ 10,953,130
Factor	x 1.20
Minimum Net Annual Income and Revenues	<u>13,143,756</u>
Deficit of Net Annual Income and Revenues Over Maximum Annual Debt Service	\$ <u>3,988,003</u>
Actual debt service coverage is	<u>1.56</u>

Changes in long-term debt are as follows:

	<u>Balance</u> <u>12/31/2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2005</u>
Bond indebtedness				
Series 1997	\$ 7,080,000	\$ -	\$ 770,000	\$ 6,310,000
Series 1998	10,045,000	-	240,000	9,805,000
Series 2001	15,565,000	-	230,000	15,335,000
Series 2002 A	44,790,000	-	360,000	44,430,000
Series 2002 B	9,585,000	-	490,000	9,095,000
Series 2003 A	1,580,000	-	35,000	1,545,000
Series 2003 B	29,445,000	-	845,000	28,600,000
Series 2003 C	22,360,000	-	1,160,000	21,200,000
Series 2004	<u>10,455,000</u>	-	<u>270,000</u>	<u>10,185,000</u>
Total bond indebtedness	150,905,000	-	2,090,000	146,505,000
Taylor Mill purchase note	2,625,000	-	250,000	2,375,000
Bond anticipation notes	3,605,000	-	-	3,605,000
Bond anticipation notes	-	17,980,000	-	17,980,000
Rural development loan	2,220,000	-	24,000	2,196,000
Deferred note payable	<u>100,000</u>	-	-	<u>100,000</u>
Total long-term debt	159,455,000	<u>\$ 17,980,000</u>	<u>\$ 2,364,000</u>	172,761,000
Less: current portion	<u>(4,674,000)</u>			<u>(8,411,000)</u>
Total long term debt less current portion	<u>\$ 154,781,000</u>			<u>\$ 164,350,000</u>

NORTHERN KENTUCKY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE E-CHANGES IN UTILITY PLANT IN SERVICE

The changes in utility plant in service are as follows:

	Balance 12/31/04	Additions	Retirements	Balance 12/31/05
Land and land rights	\$ 605,416	-	-	\$ 605,416
Structures and improvements	65,516,438	202,104	-	65,718,542
Lake river and other intakes	1,524,592	-	-	1,524,592
Supply mains	2,307,853	-	-	2,307,853
Pumping equipment	8,661,832	19,805	4,666	8,676,971
Water treatment equipment	9,285,428	181,449	750	9,466,127
Distribution reservoirs and standpipes	7,500,741	-	-	7,500,741
Transmissions and distribution mains	106,184,511	4,360,534	418,823	110,126,222
Services	18,787,274	868,459	-	19,655,733
Meters and meter installations	6,537,668	542,601	-	7,080,269
Hydrants	4,550,842	458,146	-	5,008,988
Other plant and miscellaneous equipment	3,374,076	12,708	1,683	3,385,101
Office furniture and equipment	2,352,529	187,553	18,954	2,521,128
Transportation equipment	2,512,074	249,256	157,485	2,603,845
Tools, shop and garage equipment	297,426	74,859	-	372,285
Laboratory equipment	-	60,600	-	60,600
Power operated equipment	529,500	83,200	-	612,700
Other tangible plant	891,077	-	-	891,077
Construction in progress	10,056,653	9,682,305	-	19,738,958
Cost of utility plant excess of book value-Newport	4,970,211	-	-	4,970,211
Cost of utility plant excess of book value	545,925	-	-	545,925
Total	256,992,066	16,983,579	602,361	273,373,284
Less: accumulated depreciation	(49,335,133)			(54,448,687)
Net utility plant in service	\$ 207,656,933			\$ 218,924,597

NOTE F - ECONOMIC DEPENDENCY

The District receives all of its operating revenues from customers in the Kenton, Campbell, Boone and Pendleton counties of Kentucky.

NORTHERN KENTUCKY WATER DISTRICT
STATEMENT OF COMPARISON OF BUDGET TO ACTUAL
Year Ended December 31, 2005

	2005	
	Budget	Actual
OPERATING REVENUES		
Water sales	\$ 33,200,000	\$ 33,229,278
Forfeited discounts	588,000	752,736
Rents from property	528,000	506,326
Other water revenues	150,000	358,282
TOTAL OPERATING REVENUES	34,466,000	34,846,622
OPERATING EXPENSES		
Operation and maintenance expense	20,654,000	21,023,284
Depreciation expense	-	5,562,139
TOTAL OPERATING EXPENSES	20,654,000	26,585,423
NET OPERATING INCOME	13,812,000	8,261,199
NONOPERATING INCOME (EXPENSES)		
Investment income	1,100,000	1,862,615
Miscellaneous non-operating income	200,000	5,432
Interest on long-term debt	(5,791,405)	(6,126,890)
Amortization of debt discount and expense	-	(576,617)
NET NONOPERATING INCOME (EXPENSES)	(4,491,405)	(4,835,460)
INCOME BEFORE CONTRIBUTIONS	9,320,595	3,425,739
CAPITAL CONTRIBUTIONS	-	2,900,277
NET INCOME	\$ 9,320,595	\$ 6,326,016

NORTHERN KENTUCKY WATER DISTRICT
STATEMENTS OF WATER OPERATING REVENUE
 Years Ended December 31, 2005 and 2004

	2005	2004
OPERATING REVENUES		
Metered sales		
Sales to residential customers	\$ 20,045,989	\$ 19,088,364
Sales to commercial customers	5,445,797	4,656,279
Sales to industrial customers	2,472,461	2,128,079
Sales to public authorities	1,937,221	1,741,092
Sales to multiple family dwellings	2,404,094	2,269,494
Sales through bulk loading stations	4,538	5,081
Total metered sales	32,310,100	29,888,389
Fire protection revenue	73,995	90,979
Sales for resale	845,183	952,551
Total sales of water	33,229,278	30,931,919
Other water revenue	1,617,344	1,253,333
TOTAL OPERATING REVENUES	\$ 34,846,622	\$ 32,185,252

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE OF INSURANCE COVERAGES

December 31, 2005

Company	Policy Number	Description of Coverage	Amount of Coverage	Effective Period	
				From	To
KLC	P5784-011040	General Liability	\$ 16,000,000	1/1/05	1/1/06
	P5784-011040	Public Officials	16,000,000		
	P5784-011020	Automobile Liability	16,000,000		
	P5784-011040	Property	111,788,596		
	P5784-011010	Boiler machinery	50,000,000		
Midwestern	W030308716W	Bonds	Per Application		
		Worker's Compensation	4,000,000		
KLC ARLINGTON ROE	P5784-011040	Fidelity Bond	Per Application		
	GU002828700	Crime	1,750,000		
		Pollution	10,000,000		

NORTHERN KENTUCKY WATER DISTRICT
RATES, RULES AND REGULATIONS
 December 31, 2005

RETAIL WATER RATES

1. Monthly Service Rate

First	1,500 cubic feet	\$2.63 per 100 cubic feet
Next	163,500 cubic feet	\$2.23 per 100 cubic feet
Over	165,000 cubic feet	\$2.08 per 100 cubic feet

Sub district A shall be assessed a monthly surcharge in the amount of \$12.02
 Sub district B shall be assessed a monthly surcharge in the amount of \$19.98
 Sub district C shall be assessed a monthly surcharge in the amount of \$22.33
 Sub district D shall be assessed a monthly surcharge in the amount of \$30.00
 Sub district R shall be assessed a monthly surcharge in the amount of \$18.89
 Sub district RL shall be assessed a monthly surcharge in the amount of \$37.50
 Sub district E shall be assessed a monthly surcharge in the amount of \$30.00

Bromley Crs. Spgs/St. Johns, Whitaker/McDonald, Fiskburg Road (KY 17 to 1.2 mi),
 Oliver Road – McCullum to Harris. Phase 2; Ky 177, Bethel Grove, Brandy Lane,
 Vise's Train, Licking Sta. Road. Phase 3; Ky 177, Kenton Station (Rector to Ky 177),
 and Ishmael Road (Ky 177 to 1000 ft).

Sub district RF shall be assessed a monthly surcharge in the amount of \$30.00
 KY 177 to Decoursey, Porter Road, Tecumseh Lane, and Short Marshall

2. Quarterly Rates

First	4,500 cubic feet	\$2.63 per 100 cubic feet
Next	490,500 cubic feet	\$2.23 per 100 cubic feet
Next	495,000 cubic feet	\$2.08 per 100 cubic feet

3. Fixed Service Charge

<u>Meter Size</u>		<u>Monthly</u>		<u>Quarterly</u>
5/8"	\$	10.33	\$	15.37
3/4"	\$	10.68	\$	16.16
1"	\$	11.61	\$	18.53
1 1/2"	\$	13.05	\$	21.72
2"	\$	16.38	\$	30.36
3"	\$	38.84	\$	93.42
4"	\$	48.63	\$	117.14
6"	\$	72.03	\$	172.60
8"	\$	97.18	\$	235.61
10" and larger	\$	129.43	\$	307.44

**NORTHERN KENTUCKY
WATER DISTRICT**
MEMBERS OF THE COMMISSION AND ADMINISTRATIVE STAFF
December 31, 2005

COMMISSIONERS

TERM EXPIRES

Douglas Wagner	August 26, 2009
Andrew Collins, Secretary	August 28, 2007
Joseph Koester, Chair	July 26, 2008
Patricia Sommerkamp	August 21, 2009
Fred A. Macke, Jr., Treasurer	August 26, 2008
Frank Jackson	August 28, 2007

ADMINISTRATIVE STAFF

C. Ronald Lovan, PE, President/CEO

Jack Bragg, CPA., MBA, Vice President of Finance

Bari L. Joslyn, MS, Vice President of Water Quality and Production

Richard B. Harrison, PE, Vice President of Engineering and Distribution

Mark Lofland, Vice President of Customer Service

LEGAL COUNSEL

Charles Pangborn III



**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**

**To the Board of Commissioners
Northern Kentucky Water District**

We have audited the financial statements of the Northern Kentucky Water District as of and for the year ended December 31, 2005, and have issued our report thereon dated March 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 Northern Kentucky 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management in a separate letter dated March 10, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northern Kentucky 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, 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 that are required to be reported under Government Auditing Standards.



This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners 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.

RANKIN, RANKIN & COMPANY

Rankin, Rankin & Company

**Ft. Wright, Kentucky
March 10, 2006**

Case No. 200-_____
Exhibit H

NORTHERN KENTUCKY
WATER DISTRICT

Project – Sub District F

Campbell County
184-188

Balance Sheet and
Income Statement

Northern Kentucky Water District

Balance Sheet
As of May 31, 2006

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$5,224,247	\$4,260,742
Accrued Interest Receivable		
Accounts Receivable		
Customers	2,521,853	2,394,020
Unbilled Customers	4,900,000	4,900,000
Other	250,706	415,192
Assessments Receivable	37,767	37,251
Inventory Supplies for New Installation and Maintenance, at Cost	1,014,282	1,034,510
Prepaid Items	1,520,636	714,493
TOTAL CURRENT ASSETS	<u>15,469,491</u>	<u>13,756,208</u>
RESTRICTED ASSETS		
Boone/Florence Settlement Account	3,346,256	3,686,195
Bond Proceeds Fund	12,113,759	25,579,521
Debt Service Reserve Account	12,402,510	12,377,248
Debt Service Account	3,400,425	2,680,818
Improvement, Repair & Replacement	2,865,243	3,297,894
TOTAL RESTRICTED ASSETS	<u>34,128,193</u>	<u>47,621,676</u>
NONCURRENT ASSETS		
Miscellaneous Deferred Charges	9,299,839	10,193,195
Capital assets:		
Land, System, Buildings and Equipment	254,710,202	247,905,969
Construction in Progress	24,526,981	12,001,350
Total capital assets before accumulated depreciation	279,237,183	259,907,319
Less Accumulated Depreciation	(56,782,487)	(51,618,933)
Total capital assets before accumulated depreciation	<u>222,454,696</u>	<u>208,288,386</u>
TOTAL NONCURRENT ASSETS	<u>231,754,535</u>	<u>218,481,581</u>
TOTAL ASSETS	<u>281,352,219</u>	<u>279,859,465</u>

Northern Kentucky Water District

Balance Sheet
As of May 31, 2006

	<u>2006</u>	<u>2005</u>
LIABILITIES AND RETAINED EARNINGS		
CURRENT LIABILITIES		
Current Portion of Long Term Debt	<i>\$4,967,000</i>	<i>\$4,806,000</i>
Accounts Payable	<i>1,815,684</i>	<i>1,658,003</i>
Accrued Payroll & Liabilities	<i>257,870</i>	<i>146,075</i>
Other Accrued Liabilities	<i>81,558</i>	<i>111,735</i>
TOTAL CURRENT LIABILITIES	<u>7,122,112</u>	<u>6,721,813</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts Payable	<i>803,278</i>	<i>354,575</i>
Accrued Interest Payable	<i>2,140,751</i>	<i>1,841,270</i>
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>2,944,029</u>	<u>2,195,845</u>
LONG-TERM DEBT		
Long-Term Portion of Bonded Indebtedness	<i>139,428,000</i>	<i>144,145,000</i>
Bond Anticipation Notes Payable	<i>21,585,000</i>	<i>21,585,000</i>
Note Payable - Taylor Mill	<i>2,125,000</i>	<i>2,375,000</i>
Deferred Note Payable	<i>100,000</i>	<i>100,000</i>
TOTAL LONG-TERM DEBT	<u>163,238,000</u>	<u>168,205,000</u>
TOTAL LIABILITIES	<u>173,304,141</u>	<u>177,122,658</u>
Unrestricted Retained Earnings	<i>79,197,086</i>	<i>73,885,816</i>
TOTAL NET ASSETS	<u>108,048,078</u>	<u>102,736,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>281,352,219</u></u>	<u><u>279,859,466</u></u>

N Ky Water District
Income Statement
For the Five Months Ended May 31, 2006

	<u>YTD</u> <u>05/31/06</u>
Income	
Water Sales	\$11,650,575.69
Forfeited Discounts	257,643.90
Rents from Water Property	179,590.97
Other Water Revenues	167,701.77
	<hr/>
Total Operating Revenues	\$12,255,512.33
Operating Expenses	
O & M Expenses	
Salaries & Wages	\$3,133,285.60
Employee Pension & Benefits	1,133,058.92
Taxes Other than Income Taxes	227,689.67
Purchased Power	724,445.11
Chemicals	454,056.35
Materials & Supplies	691,224.23
Contractual Services	1,223,051.70
Rent	3,341.24
Transportation	179,355.40
Insurance	220,331.61
Advertising	3,176.51
Bad Debt Expense	169,671.90
Miscellaneous	27,535.10
Regulatory Commission Assessment	109,547.44
	<hr/>
Total O & M Expenses	\$8,299,770.78
	<hr/>
Depreciation	\$2,250,000.00
	<hr/>
Total Operating Expenses	\$10,549,770.78
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Net Operating Income (Loss)	\$1,705,741.55
Non-Operating Income (Expense)	
Interest Income	\$879,113.12
Miscellaneous	93,373.60
Interest on Long Term Debt	(2,603,840.44)
Amortization	(328,805.40)
	<hr/>
Net Non-Operating Income (Expense)	(\$1,960,159.12)
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Net Income before Contributions	(\$254,417.57)
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Capital Contributions	\$333,945.09
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Net Income (Loss)	\$79,527.52
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