

Northern Kentucky Stream & Wetland Restoration Program

2025 Annual Report



Prepared January 2026

Background / Purpose

The Northern Kentucky University Center for Environmental Restoration (CER), in partnership with NKU Research Foundation (NKURF), operates the Northern Kentucky Stream & Wetland Restoration Program (NKSWRP). NKSWRP provides compensatory mitigation for the loss of stream and wetland resources due to land development in the nine northern-most counties of Kentucky. The program was established in 1999, and operates under an Agreement with the Louisville District of the U.S. Army Corps of Engineers (Corps). NKSWRP is specifically an in-lieu-fee mitigation program.

The NKSWRP is fully funded from mitigation fees assessed to entities that impact (fill) streams and/or wetlands for land development under permit from the Corps. NKURF receives in-lieu-fee (ILF) payments from permittees, and the CER uses these funds to operate the program and implement mitigation projects. The CER identifies stream and wetland project opportunities, then undertakes projects to enhance, restore, protect, monitor, and maintain projects. Project sites, plans, and compliance reports are subject to approval by the Corps, in consultation with the Interagency Review Team (IRT). The Compensation Planning Framework, which describes how the CER selects and prioritizes mitigation projects, may be viewed at nku.edu/cer. To date NKSWRP has completed over \$30 million worth of environmental restoration and preservation at 30 mitigation project sites in northern Kentucky.

NKSWRP is currently in Phase 2 of the program. The Phase 1 Program refers to mitigation approved and funded under the original Agreement (August 1999 - March 2012). Under this program, mitigation fees paid by permittees were set by the Corps, and project budgets were determined by the IRT, among other particulars. The Phase 2 Program refers to mitigation approved and funded under a revised Agreement (April 2012 - present), operating in accordance with the federal rule entitled Compensatory Mitigation for Losses of Aquatic Resources (2008). The 2012 Agreement has been slightly modified;

the current version of the Agreement is dated September 2018. Under the Phase 2 Program, NKSWRP sells mitigation credits to permittees, sets mitigation fees (price per credit) and project budgets, and maintains a program debit/credit ledger (i.e., mitigation credits sold versus mitigation credits produced by approved mitigation projects) to demonstrate a one-for-one replacement of lost aquatic resource functions and services. The mitigation crediting system and project success criteria are established by the Corps.

A central component of CER's mission is to train, employ, and mentor interns in the field of environmental restoration, and the productive engagement of interns is maximized in undertaking mitigation projects. Most CER interns are NKU undergraduate students, from any discipline, but especially from environmental science, biology, and geology. Other CER interns have included recent graduates from NKU and other universities, graduate degree students, military veterans, retirees, addiction recovery program graduates, urban youth, and others seeking professional or vocational training and employment in environmental restoration. These interns are employed directly by CER, or through partner organizations. A summary of CER intern engagement from program inception through December 2025, is as follows:

- **234 NKU undergraduate student interns** have been employed for a total of over **125,000 hours**, averaging 534 hours per intern.
- **127 other CER interns** have been employed for over **59,000 hours**, averaging 464 hours per intern.



CER crew after a day of native plant management, invasive plant control, mapping, and other conservation tasks at Sleepy Hollow Conservancy. Pictured are four CER staff and nine interns. (Fall 2024)

All CER and NKSWRP operations are fully funded by mitigation credit sales, receiving no financial support from NKU or any outside source.

Record of ILF Payments

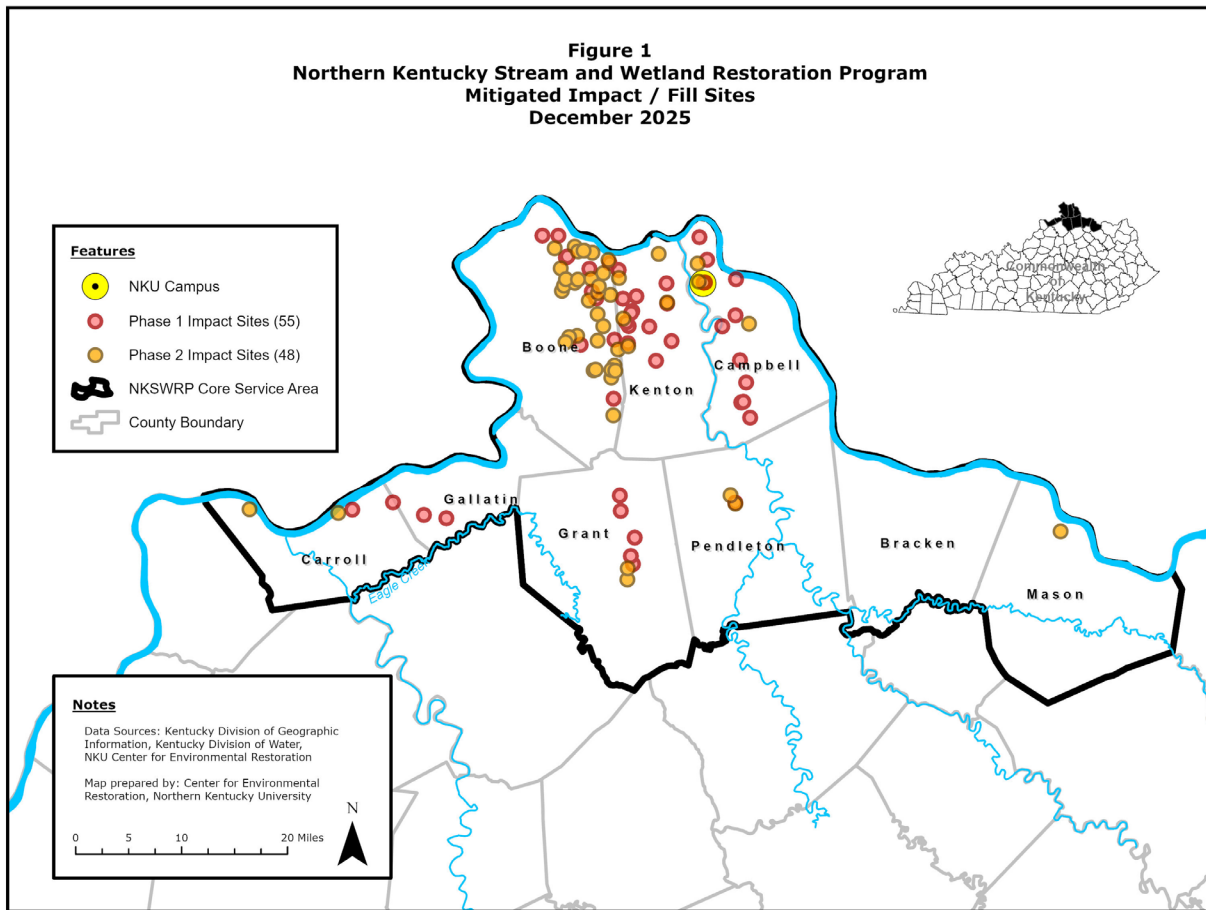
A summary of total ILF mitigation payments made to NKSWRP since program inception through December 2025 is provided in Table 1:

Table 1		
Total In-Lieu Fee Payments Received by NKSWRP thru 2025		
<i>Program Phase</i>	<i>Number of Mitigated Development Sites</i>	<i>Total ILF Payments Received</i>
Phase 1	55	\$26 million
Phase 2	48	\$24 million
TOTAL	103	\$50 million

A record of ILF payments received in 2025 is provided in Table 2:

Table 2				
In-Lieu Fee Payments Received by NKSWRP in 2025				
<i>Permittee</i>	<i>Corps ID</i>	<i>County</i>	<i>Credits</i>	<i>Mitigation Fee</i>
SL 1020 Petersburg Rd LLC	LRL-2023-00779-cds	Boone	670	\$301,500
Grand Communities LLC	LRL-2021-00507	Campbell	2,344	1,054,800
TOTAL			3,014	\$1,356,300

Figure 1 illustrates the locations of the 103 land development projects (impact sites) mitigated by NKSWRP, as summarized in Table 1:



Phase 2 Program Mitigation Credit Ledger

For the Phase 2 Program and in accordance with the federal mitigation rule, NKSWRP submits to the Corps a Mitigation Credit Ledger after each mitigation credit sale to a permittee, documenting all ILF payments received under the Phase 2 Program. Table 3 summarizes key elements of from ledger, including credits sold and credits currently available for sale:

Table 3		
NKSWRP Phase 2 Program Mitigation Credit Summary thru December 2025		
<i>Credit Type</i>	<i>Stream Credits</i>	<i>Description</i>
Advance Credits	60,000	Credits allotted to NKSWRP for Phase 2 Program start-up
Released Credits	3,225	Credits generated by projects, after final fulfillment approval
Sold Credits	60,197	Credits sold to permittees
Available Credits	3,028	Credits currently available for sale

No wetlands credits have been sold in the Phase 2 Program and are thus not included in Table 3.

Summary of Mitigation Projects

To date, the Corps and IRT have approved 30 NKSWRP mitigation projects to compensate for stream and wetland impacts from 103 land development projects in northern Kentucky. All NKSWRP projects are located within the nine-county service area of the program, except the Kingsolver Project in Nicholas County. The Kingsolver Project provides an especially large and high-quality mitigation project opportunity—e.g., whole-watershed restoration, rare species preservation, 1,000 acres of newly-acquired public land—and was thus approved as a special case by the Corps/IRT as described in the 2012 Agreement.

Most projects have been completed and released from further agency oversight, and some are still underway. Summary conservation statistics for the program include:

- **4,406 acres have been permanently protected** as conservation land by conservation easement or deed restriction (not including project acreage on lands previously protected), including:
- **3,071 acres were purchased** with mitigation funds for NKSWRP projects. Most of the purchased acreage was **donated to the Commonwealth for the benefit of the public**, namely, the Big Bone Phase 3 project property (now part of Big Bone State Park), and the Kingsolver, Sleepy Hollow, and Stephens Creek project properties (now Kentucky Fish & Wildlife Management Areas). Additionally, about 400 acres were set apart for perpetual conservation stewardship by the Sleepy Hollow Conservancy, described later in this report.
- **84 miles of streams and riparian buffers are protected** by conservation easement or deed restriction, including:
- **20 miles of streams and riparian buffers have been physically restored**, and
- **49 acres of wetlands have been restored** and protected.

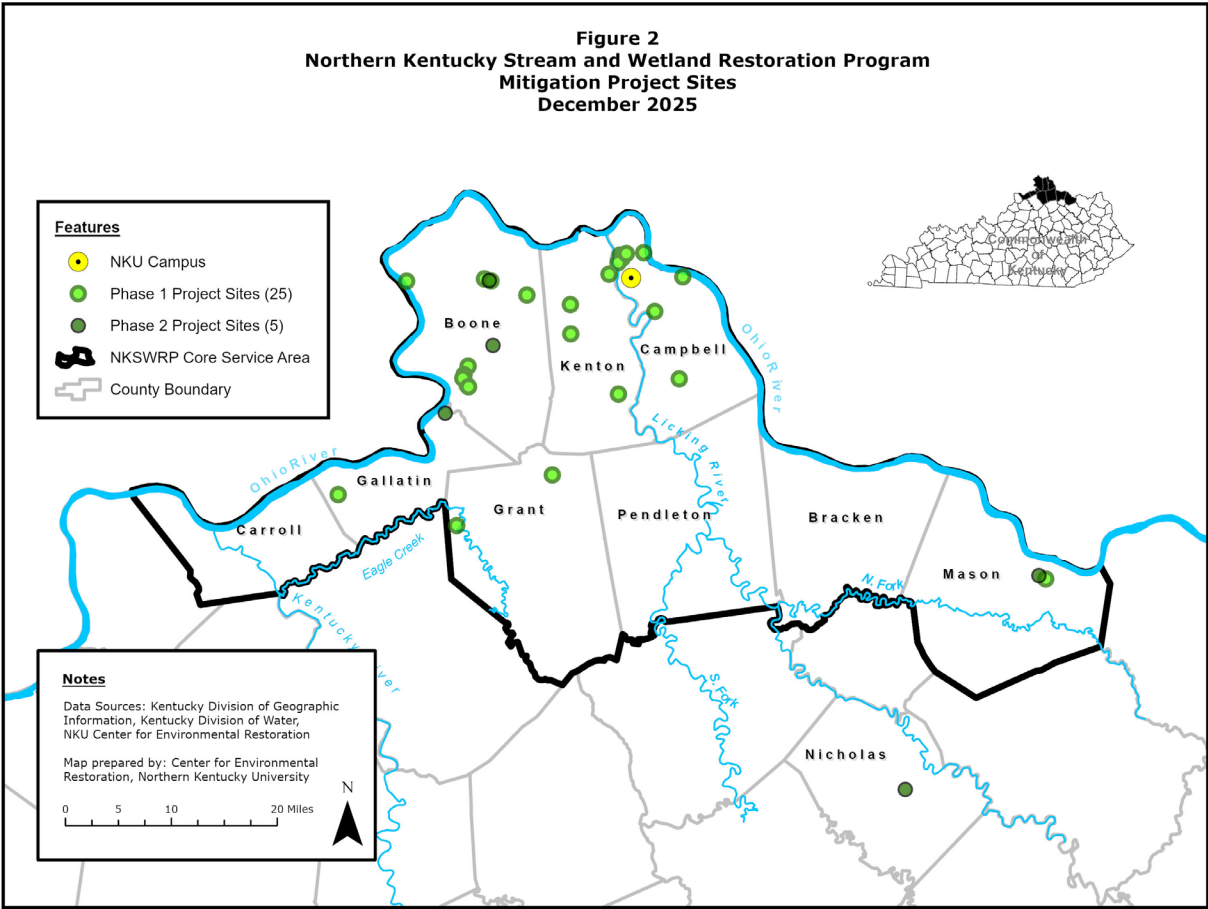
An example NKSWRP mitigation project, Boone Woods Park, is illustrated by the sequence of before-restoration, during-restoration, and after-restoration photographs presented below. Pre-project conditions were typical and included channelized, entrenched stream with 5-foot high vertical eroding banks, and lack of riparian or bank vegetation. Post-project conditions include restored sinuosity and floodplain access, stable banks, riffle-pool complex, riparian wetlands, and riparian forest.

Boone Woods Park – North Branch of Allen Fork
Restoration of Meandering Channel, Riffle/Pool Complex, Floodplain, & Riparian Forest Buffer



Additional before-restoration and after-restoration mitigation project examples are provided at nku.edu/cer.

Figure 2 illustrates the locations of the 30 Corps/IRT-approved Phase 1 & 2 Program mitigation projects.



Summary information by project is provided in Table 4a (Phase 1 Program) and Table 4b (Phase 2 Program), including project name, Corps ID number, project completion date or status, and conservation summary (conservation acreage, stream length, wetland acreage, restoration type, etc.).

Also provided in Tables 4a and 4b is the long-term management status of each project based upon annual visual inspection, including the 2025 annual project inspection dates, and any significant prior or current issues.

Table 4a

PHASE 1 PROGRAM CONSERVATION SUMMARY & LONG-TERM MANAGEMENT STATUS (YEAR 2025)

Project Name & Corps ID	Restoration Phase or Completion Year	Newly Protected Conservation Area (acres)	Total Protected Streams (feet)	Physical Stream Restoration (feet)	Predominant Rosgen Stream Type Restored	Wetland Restoration (acres)**	Site Protection Responsible Party	Annual Stream Restoration Inspection (Date)	Stream Restoration Status
Adair WMA Phases A & B* 19990699 & LRL-2007-127	2001 & 2009	n/a	11,810	3,400	Rosgen B	0.1	KDFWR	01/28/25	Stable except piping under old pond dam and 1000' un-restored West Trib plus 150' restored now incised/degraded; potential future project enhancement.
Adair-Kruza-McDine-Demler LRL-2012-414	2013	215	16,971	500	Preservation	0.1	Boone Conserv	02/03/25	Stable.
Bentwood Hills Phases A & B* 200300560 & LRL-2010-361	2003 & 2011	21	3,933	2,156	Rosgen B	0.7	NKSWRP	03/30/25	Stable. 2023 conservation area impact by SD1 being mitigated under Corps permit thru 2028; SD1 whole-CE honeysuckle treatment highly effective.
Big Bone Phases A & B LRL-2003-1011 & LRL-2005-1739	2005 & 2007	125	25,465	1,500	Rosgen A	8.5	Boone Conserv	02/03/25	Stable. Lake, dam, and restored spillway channel scheduled for future removal by KDFWR FILO.
Big Bone Annex LRL-2003-1013	2005	7	1,600	1,300	Rosgen A	0.0	Boone Conserv	02/03/25	Stable. 2025 completed voluntary cleanup sweep of trailer park refuse surfaced on LDB slope.
Big Bone Phase C* (Piner) LRL-2013-172	Construction	229	30,325	7,000	Rosgen A, B & C	1.5	Boone Conserv	03/22/25	Stable. Notify Boone County Engineer to maintain gravel retention basin when full per MOA.
Boone Woods Park LRL-2009-329	2010	11	4,386	3,497	Rosgen C/E	0.2	Boone Conserv	11/15/25	Stable. 2025 stabilized 400' non-jurisdictional stormwater gully per agreement with Corps and KDOW.
Bullock Pen LRL-2012-202	2013	27	3,778	600	Rosgen A	0.0	NKSWRP	02/09/25	Stable.
Burlington Elementary LRL-2005-826	2006	5	700	700	Rosgen B	0.4	Boone Conserv	02/25/25	Stable.
Canterbury Apartments LRL-2012-203	2015	16	2,723	700	Rosgen A	0.1	NKSWRP	01/30/25	Stable. 2025 owner's contractor sealed hole at bottom of SW basin concrete dam and removed basin sediment.
Florence Golf Course LRL-2007-1493	2008	9.5	2,700	2,700	Rosgen C	0.2	Boone Conserv	02/07/25	Stable. 2024 viewed project w Corps & KDOW as a candidate reference reach for Rosgen C restoration.
Hawthorne Crossing LRL-2011-765	2012	n/a	9,635	785	Rosgen A	1.0	KHLCF	02/13/25	Stable.
Joe's Creek LRL-2007-309	2007	7	1,466	1,466	Rosgen A	0.4	NKSWRP	01/02/25	Stable. No beaver activity in Aspen SW WL basin or one-acre WL/pond.
Latonia Banklick LRL-2012-201	2015	30	4,212	917	Rosgen B	0.4	NKSWRP	03/18/25	Stable. 2024 notified Corps of future SD1 & KDSWM impacts to conservation area; Corps sent letter to them re site protection requirements.
Lloyd WMA LRL-2012-200	2015	10.6	1,285	1,285	Rosgen B	0.3	KDFWR	01/01/25	Stable. 2025 observed seepage thru old pond/wetland dam at DS end of NM4 but no visible erosion.
Parkside Wetland Preserve LRL-2007-910	2009	9.6	1,580	0	Hydro & Habitat	3.3	NKSWRP	01/26/25	Stable. 2025 completed voluntary invasive grape vine control during site protection visit.
Reb Stacey Woodlands No Corps ID	2010	576	40,184	300	Preservation	0.0	SH Conserv	11/06/25	Stable. 2024 completed voluntary access road stabilization. About half of mapped trail network no longer maintained by owner.
St Anne Wetlands LRL-2014-859	Yr 6 Invasives Control	n/a	0	0	Habitat Enhmnt	29.2	KHLCF	02/07/25	Stable. 2025 viewed pre-project neighbor encroachment (landscape contractor) with CCCD staff.
Sleepy Hollow Tract 1 LRL-2013-85	Construction	876	85,695	8,200	Rosgen A & B	0.3	SH Conserv	10/31/25	Stable. Inspect stone dam for stability. Inspect for ATV trespass across Kennedy Crk.
Split Rock LRL-2007-1257	2008	63	15,771	6,934	Rosgen A & B	1.3	Boone Conserv	02/07/25	Stable. 2024 viewed Woolper Creek restoration by kayak.
Stephens Creek LRL-2013-83	2019	398	36,996	4,832	Rosgen A	1.5	KDFWR	02/11/25	Stable.
Tower Park & Carmel Manor LRL-2011-304 & LRL-2012-304	2013	18	5,742	5,742	Rosgen A	0.0	FTFC	02/25/25	Stable. 2025 observed 12 open windows on water control structure at Rte 8 vs 8 open windows minimum per Bayer Becker design.
Wolsing Trails No Corps ID	2008	n/a	50	50	Habitat Enhmnt	0.0	Kenton Conserv	02/19/25	Stable.
Woodland Hills Condos LRL-2005-14	2005	10	3,265	3,265	Rosgen B	0.0	NKSWRP	01/05/25	Stable. 2023-25 limited conservation area impact requires mitigation by SD1 under Corps permit & NKURF MOA.
Wright Farm LRL-2011-1026	2012	81	7,579	1,500	Rosgen A/B	0.0	NKSWRP	03/11/25	Stable. Bioswale (not stream) gullied below grass filter strip. Chicken pasture erosion. Cattle within riparian zone exclusion fence noted in some prior years.

* - Project Phase A, B, & C designations are substituted for Project Phase 1, 2, & 3, to avoid confusion with NKSWRP Program Phase 1 & 2. ** - Wetland restoration acreage is estimated.

Table 4b									
PHASE 2 PROGRAM CONSERVATION SUMMARY & LONG-TERM MANAGEMENT STATUS (YEAR 2025)									
Project Name & Corps ID	Restoration Phase or Completion Year	Newly Protected Conservation Area (acres)	Total Protected Streams (feet)	Physical Stream Restoration (feet)	Predominant Rosgen Stream Type Restored	Wetland Restoration (acres)*	Site Protection Responsible Party	Annual Stream Restoration Inspection (Date)	Stream Restoration Status
Central Park LRL-2012-443	Construction	18	6,000	5,688	Rosgen B & C	0.3	Boone Conserv	03/19/25	North Branch stream restoration completed above perimeter path as of 12/31/2024. South Branch under construction.
Darlington Farm Condos LRL-2013-86	2019	4	1,345	1,345	Rosgen E	1.0	Boone Conserv	02/25/25	Stable. 2025 observed 4-ft beaver dam above culvert; beaver pond likely a net ecological benefit, but adjacent riparian area being maintained mostly open & brushy.
Hartig Park LRL-2019-00160	Plan/Permit	71	17,189	6,794	Rosgen A	0.1	Boone Conserv	02/16/25	Pre-permit stream & forest restoration underway. 2025 installed add'l "No Horses" signs all trail entrances to address observed hoof prints (minor impact at present).
Kingsolver Tracts 1 & 2** LRL-2013-84 & LRL-2015-127	Construction	945	54,347	20,562	Rosgen A, B & C	0.2	KDFWR	03/13/25	SG1 stream restoration completed below KS fork and above pond dam.
Sleepy Hollow Tracts 2 & 3 LRL-2014-867 & LRL-2016-51	Construction	623	46,641	9,000	Rosgen A & B	0.3	SH Conserv	07/01/25	2025 observed ATV trail from town; beneficial as public foot path and no significant damage. Widowmaker stream under construction. Completed access road improvements.
NOTES:									
* - Wetland restoration acreage is estimated and not subject to debit/credit ledger (i.e., no wetland advance credits have been sold).									
** - Funded by Phase 2 Program ILF payments, except Kingsolver Tract 1 property acquisition funded by Phase 1 Program ILF payments.									

Table 5 (below) provides summary information for the five approved Phase 2 Program projects generating credits to fulfill sold credits as shown on the mitigation credit ledger. It includes extra credits available due to enhanced project characteristics (whole-watershed protection, plus land purchase with public access and education). Table 5 also includes two projects **proposed by NKSWRP in 2024** but not yet approved by the Corps/IRT.

Some key mitigation credit and project cost data documented in Table 5 include:

- Including the two proposed projects and extra credit requests, **total stream credits generated** from NKSWRP mitigation projects (64,489 project credits) **exceeds the current requirement** to fulfill sold credits (60,197 sold credits, as shown in Table 3).
- Based upon full-cost accounting, the stream project average cost per credit is \$365/credit, and the stream project maximum cost is \$520/credit.

Table 5					
PHASE 2 PROGRAM - ESTIMATED PROJECT STREAM CREDITS & COSTS					
Phase 2 Program Project Name	Estimated Project Mitigation Credits in Approved Plan	Post-Approval Additional Credit Request*	Revised Estimated Project Mitigation Credits	Estimated Project Cost**	Estimated Project Cost/Credit**
Central Park	4,386	0	4,386	\$2,281,356	\$520
Darlington Farm Condos (Released)	3,225	0	3,225	\$305,085	\$95
Hartig Park	6,014	0	6,014	\$2,711,864	\$451
Kingsolver Tracts 1 & 2					
Tract 2 - Preservation	1,849	20%	2,219	\$1,037,288	\$467
Tracts 1 & 2 - Restoration	17,227	20%	20,672	\$8,389,831	\$406
Sleepy Hollow Tracts 2 & 3	7,254	20%	8,705	\$4,142,373	\$476
Sleepy Hollow Headwaters (PROPOSED)	15,638	0	15,638	\$3,028,814	\$194
Sergeant Park (PROPOSED)	3,630	0	3,630	\$1,659,322	\$457
TOTAL PHASE 2 PROGRAM	59,223		64,489	\$23,555,932	\$365
Notes:					
* - Additional credit considered by Corps includes Watershed Protection (10%), New Publically-Accessible Lands with Education/Outreach (10%), and others per Corps memo "Additional Mitigation Credit Types" dated 22 May 2023.					
** - Full-Cost Accounting. Includes land acquisition, plan/permit, restoration, maintenance, monitoring, reporting, & overhead. NKSWRP est'd long-term average 41% overhead (Ph 2 Program range 36-46% of ILF payments) includes NKU F&A, Program Admin, Contingency, Long-Term Management, & Site Protection Endowment.					

Mitigation Project Status

As of December 2025, 22 of the 25 Phase 1 Program mitigation projects (Table 4a) have completed the restoration and post-construction five-year maintenance, monitoring, and reporting phases. All these projects achieved their project performance/success criteria and were released by the Corps/IRT from further oversight.

Three Phase 1 Program projects are not yet completed and released. Due to the exhaustion of all Phase 1 Program project funds in 2023, they are being completed using Program Contingency (reserve) funds, with reduced scope, monitoring, and reporting requirements, as approved by the Corps in an email dated 12 September 2023. The Phase 1 Program projects still to be completed and released are as follows:

- Big Bone Phase C (Piner); anticipated construction completion 2026
- Sleepy Hollow Tract 1; anticipated construction completion 2026
- St Anne Wetlands; restoration completed 2019; invasive plants to be controlled thru 2029

Among the five approved Phase 2 Program mitigation projects (Tables 4b and 5), project status is as follows:

- Darlington Farm Condominiums; all project success criteria achieved; Corps released 2024
- Central Park; anticipated construction completion 2026
- Kingsolver Tracts 1 & 2; anticipated construction completion 2034
- Sleepy Hollow Tracts 2 & 3; anticipated construction completion 2026
- Hartig Park; revised draft Mitigation Plan **submitted May 2024**; under review by Corps/IRT

Concept Plans for two new projects were submitted to Corps/IRT **in 2024** (Table 5), namely, Sleepy Hollow Headwaters Project and Sergeant Park Project. NKSWRP is waiting for Corps/IRT approval of these projects.

Mitigation Credit Pricing

NKSWRP updated the stream credit price in 2025 to \$450/credit. This price remains appropriate based upon estimated project credit generation and costs as shown in Table 5, allowing for uncertainty of final credits generated and costs incurred when projects are finally released from further oversight. The CER frequently reviews current program account balances, project construction costs, inflation, etc., and may adjust credit price based upon this review in the future.

Wetlands credits are not currently for sale by the NKSWRP, and no wetland credit price has been established.

Fund Report

NKURF prepares an annual Fund Report documenting program receipts and expenses, account balances, and interest income through the end of each fiscal year. The FY 2025 Fund Report is attached to this document and tracks balances in five program accounts as described in the Agreement: Phase 2 Projects Fund, Program Administration Fund, Site Protection Fund (non-wasting/endowment), Site Protection Income Fund (for conservation easement inspection and protection expenses), and Program Contingency Fund.

Audit Report

The NKU Office of Internal Audit performs an annual audit of NKSWRP to ensure proper accounting of revenues (ILF payment deposits, distribution, and interest), program and project expenses, bank statements, investments, invoices, etc. The FY 2025 Audit Report is attached to this document; no exceptions from generally accepted accounting practices were identified.

Project Site Protection

All NKSWRP mitigation projects are permanently protected by site protection instruments, usually by conservation easement, but in the case of a few publicly-owned lands, by conservation deed restriction. At least annually, landowners of all conservation easement or deed restricted project sites are contacted, and all conservation properties are visited to ensure compliance with conservation restrictions. As illustrated in Tables 4a and 4b, site protection inspections and enforcement are the responsibility of various conservation organizations, assigned to individual projects, including Boone Conservancy, Fort Thomas Forest Conservancy, Kenton Conservancy, Kentucky Fish & Wildlife, Kentucky Heritage Land Conservation Fund, and Sleepy Hollow Conservancy. NKSWRP is responsible for site protection of eight projects. NKSWRP's "Procedures for Annual Conservation Easement Area Inspections" are attached to this report.

NKSWRP site protection activities are funded from interest on an endowment (non-wasting account), referred to as the Site Protection Fund, funded from 5% of all ILF payments in accordance with the 2012 Agreement. Interest from the endowment, used to enforce site protections, is deposited into the Site Protection Income Fund. In cases where site protection responsibilities were transferred from NKSWRP to another conservation organization such as Boone Conservancy, the NKSWRP endowment funds assigned to the property(s) were transferred as well. The balances of NKSWRP Site Protection Fund and Site Protection Income Fund at the end of FY 2025 are provided in the attached Fund Report.

Project Long-Term Management

In addition to annual site protection inspections, **all stream and wetland restoration projects are visually assessed at least annually for continued project success and stability**, including all projects released from Corps/IRT oversight. The CER undertakes all these restoration inspections. The dates and findings of annual restoration inspections for each project are recorded in Tables 4a and 4b. Based upon observations, the CER undertakes maintenance, repair, and/or enhancement activities as deemed necessary or otherwise justified and benefitting the project.

Maintenance generally refers to correction of minor issues such as localized bank erosion, e.g., by replacing bank protection rock where it has been dislodged. In prior years CER has undertaken such minor post-release stream maintenance at Burlington Elementary, Joe's Creek, Latonia-Banklick, and Lloyd WMA Projects. CER has undertaken voluntary, one-time post-release invasive shrub treatment at Bentwood Hills, Boone Woods Park, Florence Golf Course, and Tower Park. Additionally, CER is undertaking voluntary, extended (ten years total) invasive plant control at Darlington Farms, Hartig Park, and St Anne Wetlands.

Repair generally refers to the rehabilitation of any project-restored stream reach that has significantly degraded, e.g., due to bank erosion or channel incision. CER defines "significantly degraded" as degraded to a Poor condition—as determined using the USEPA Rapid Bio-assessment Protocol for

Stream Habitat—in excess of 200 contiguous feet. So far, no significant degradation has occurred on any NKSWRP post-release projects.

Enhancement generally refers to post-release activities addressing conditions not part of the mitigation plan, but undertaken voluntarily to improve ecological quality, e.g., rehabilitating a section of stream that degraded subsequent to the completion of a mitigation project.

In 2025, CER completed the following post-release project maintenance and enhancements:

- Big Bone Annex: Collected and disposed of former trailer park refuse that surfaced within the project riparian buffer.
- Boone Woods Park: Stabilization of a 5-foot deep, 400-foot long gully within the project conservation area. This feature, originating from an off-site stormwater basin discharge, was formed after project release, exhibited severe channel erosion, and produced sedimentation in downstream project-restored reaches.
- Canterbury Apartments: Required landowner to maintain stormwater basin within the conservation area by removing accumulated sediment and sealing a breach in the dam.
- Parkside Preserve: Cut grape vines damaging native trees.
- Sleepy Hollow: Installed ditches and water bars to stabilize WMA public gravel access road and mitigate erosion.

All Project Long-Term Management activities described above are funded by the Program Contingency Fund, which has a current balance of over four million dollars. A Long-Term Management Endowment is also maintained within the Program Contingency Fund, with a minimum balance of \$500,000 as stipulated in the Agreement. This endowment for long-term management is separate from and in addition to the site protection endowment discussed in the previous section of this report.

Sleepy Hollow Conservancy is a 501(c)(3) established to undertake **perpetual, best-practices conservation stewardship** on its 400-acre Mason County property, which was purchased with mitigation funds and is part of the Sleepy Hollow Project. A 300-acre Forest Stewardship Area has been designated within the property, and is being managed in accordance with a Forest Stewardship Plan prepared by Kentucky Division of Forestry, plus additional conservation practices. Habitats being restored and perpetually managed within the Forest Stewardship Area include whole-watershed stream networks, wetlands, ponds, forests, woodlands, native meadows, and native cane. The Corps approved this program for multi-project, consolidated riparian buffer restoration and endangered bat habitat loss mitigation. Implementation of the Sleepy Hollow Conservancy Long-Term Conservation Stewardship Plan (2025) is funded by income from a one-million-dollar endowment (non-wasting account) maintained by the Conservancy.

Program Financial Assurance

The federal mitigation rule requires financial assurance that Phase 2 Program mitigation projects will be completed and impacts fully mitigated for sold credits. The NKSWRP provides financial assurance by maintaining a Project Completion Reserve within the Program Contingency Fund, funded by a portion of all ILF payments (currently 10%). As established in the 2012 Agreement, the minimum Project Completion Reserve balance is 15 percent of estimated costs to complete outstanding Phase 2 mitigation. Based upon the estimated costs to complete all projects necessary to fulfill sold credits, as of December 2025, the calculated minimum Project Completion Reserve balance is approximately \$1.5 million. The actual Project Completion Reserve balance is \$2 million, well in excess of the minimum requirement.

Mitigation Advisory Committee

In 2016, a Mitigation Advisory Committee was formed from members of the Boone, Kenton, and Campbell County Judges Executive, local land development and economic development communities, local conservancies and watershed groups, and Sanitation District 1. The Kentucky Fish & Wildlife ILF Program began participating in 2018, and mitigation bank representatives began participating in 2022. The purpose of the Committee is primarily to discuss and understand the stream and wetland mitigation regulatory program (requirements, status, recent and proposed changes, mitigation providers, etc.). It is also a forum to identify projects that complement the stakeholders' conservation, economic development, and other priorities. The Corps has presented to the Committee on several occasions. The Committee is chaired and convened by the Boone County Judge Executive, and typically meets one to four times per year.

Program Adaptive Management

NKSWRP meets in-person, annually with the Corps to discuss the status of the mitigation program and individual projects. Based upon this meeting and other communication with the Corps, as well as input from the Mitigation Advisory Committee, adjustments are made to the program as necessary and desirable within the framework provided by the 2012 Agreement, evolving Corps policies, and evolving regulations, among other factors. NKSWRP last met with the Corps in late 2024.

ATTACHMENTS

- Fund Report
- Audit Report
- Procedures for Annual Conservation Area Inspections
& Restoration Project Assessment

Fund Report

Stream and Wetland Restoration Fund

for the year ended June 30, 2025

	2025
RECEIPTS	
In-lieu fees - NKURF Management Fees Fund	\$ 106,380.00
In-lieu fees - Phase 2 Projects Fund	1,149,795.00
In-lieu fees - Program Admin Fund	281,025.00
In-lieu fees - Program Contingency Fund	147,150.00
In-lieu fees - Site Protection Fund	88,650.00
Interest income - Program Admin Fund	57,024.90
Interest income - Program Contingency Fund	648,087.17
Interest income - Site Protection Fund	44,333.99
TOTAL RECEIPTS	2,522,446.06
EXPENSES	
Project expenses	1,348,558.40
Land purchase expenses	-
Program admin expenses	267,827.00
Site protection expenses	9,820.81
NKURF management fees	106,380.00
TOTAL EXPENSES	1,732,586.21
NET EXCESS (DEFICIT) OF RECEIPTS OVER EXPENSES	789,859.85
BEGINNING BALANCE AS OF 07/01/2024	15,505,271.70
ENDING BALANCE AS OF 06/30/2025	\$ 16,295,131.55
BALANCE PER FUND AS OF 06/30/25	
Program Admin Fund	\$ 1,252,789.10
Phase 2 Projects Fund	9,548,985.18
Program Contingency Fund	4,483,102.04
Site Protection Fund	911,502.83
Site Protection Income Fund	98,752.40
ENDING BALANCE AS OF 06/30/2025	\$ 16,295,131.55

Audit Report



To: Barb Smith
From: Kristi Horine
Date: 12/2/25
Re: Stream and Wetland Restoration Fund FYE 6/30/25 Review Procedures

Internal Audit (IA) completed its review of the Stream and Wetland Restoration Fund. The following procedures were performed for this review.

Statement of Revenues and Expenses and Changes in Fund Balance

1. IA footed revenues, expenses, and fund balances.
2. IA traced beginning fund balance to prior year work papers.
3. IA traced revenues and expenses to the trial balance from SAP.
4. IA traced individual fund balances to individual trial balances from SAP.

Statement of Financial Position

1. IA obtained bank reconciliations and approvals as of 6/30/25 to document cash control amount.
2. IA reviewed the June 2025 invoice from Center for Environmental Restoration, which accounts for the entire amount of A/P as of 6/30/25.

Revenue Testing

1. IA obtained a detailed listing of in-lieu fees from SAP and tied the total to the trial balance. There were three in-lieu fee payments for fiscal year 2025. IA agreed the amount paid by the permittee to the approved amount negotiated by the Army Corps of Engineers and receipts.
2. IA obtained bank statements as of June 2024, December 2024, and June 2025 and verified that interest earned per the bank statements agreed to the trial balance.

Expense Testing

1. IA obtained a detailed listing of project expense and project administration expenses from SAP and tied the total to the trial balance. IA selected 15 of 40 transactions (38% of transactions, 74% of project expense) for testing. For each transaction, IA agreed to supporting documentation, vouched invoices to be for project expense incurred within FY24, and agreed amount paid to interdepartmental billing.
2. IA obtained project summaries for four different projects from the Center for Environmental Restoration invoices. IA reviewed a selection of supporting invoices for reasonableness, accuracy and timing. No issues were noted. IA reviewed the billable hours and rates for reasonableness. No issues were noted.
3. IA recalculated the NKURF fees for the year based on a rate of 6% of paid Phase 2 in-lieu fees and compared to actual NKURF fees for reasonableness.
4. IA observed that there were no land and right of way expense for this fiscal year.

Northern Kentucky Stream and Wetland Restoration Program

Procedures for Annual Inspections: Conservation Areas & Restoration Projects

Visit all active and closed restoration/conservation projects ANNUALLY to ensure the terms of conservation easements/deed restrictions are being met by the landowners, and to assess the continued success of restoration. For projects with multiple/adjoining easements, conduct inspections & reporting simultaneously.

Conservation Area (Site Protection) Inspections:

1. Prior to visit, review stamped copy of the conservation easement or deed restriction along with Conservation Area Features Map (paper) and online/ESRI boundary map with post/placard locations (iPad). Review prior-year inspection report (email to landowner saved in network project file folder) to identify past concerns.
2. Referring to Project Contact List, call primary landowner contact(s) and confirm phone, email, and contact(s). Inquire about any landowner-identified conservation area concerns. Update Project Contact List.
3. Visit and inspect the conservation area, especially the entire boundary, areas identified as a concern in prior years, owner-identified areas, and trails. Note on paper map, and photograph, any issues of concern such as ATV trespass, dumping, tree cutting, land disturbance, etc.

Use iPad to navigate to and confirm each boundary post/placard location. Bring extra posts, driver, and stickers along and replace any missing or damaged posts, placards, and/or stickers. Drive posts, if possible, until driver contacts ground. Add no-mow stickers if boundary is edge of mowed area. Add no-ATVs and/or no-horses stickers if ATV or horse riding trespass a concern. Add signage if greater than 200' between signage.

4. Use the inspection report template to report back to the landowner contacts the findings of the easement/deed inspection VIA EMAIL, including prior-year issues, current-year issues, and required corrective actions with timeline. Include photos of easement/deed violations (if any), plus conservation easement/deed generic summary, and notated project Conservation Area Features Map. Request landowner contact reply via email, and save the reply (with original email report) to the electronic project file folder.

CER will attempt to resolve any minor infractions directly with the landowner. If any issues are significantly destructive and/or not speedily remedied by the landowner, enlist the assistance of NKURF Executive Director. NKURF Executive Director will determine whether to involve an attorney, regulatory agencies, and/or other parties that may have enforcement authority.

5. Maintain a record of annual inspections, including visit date, staff involved, issues identified, and resolutions. These records may be required in the event enforcement is required.
6. Bill all site protection labor and expenses to "Conservation Easement Management".

Restoration Project Assessments:

1. Walk and visually assess stream and wetland restoration project areas. Note on paper map, and photograph, any active or impending project failures such as eroding banks, failure of in-stream structures, debris accumulation, etc. Additionally look for project enhancement opportunities. Upon return to office, discuss with project manager to determine if maintenance, repair, and/or enhancement activities are warranted based upon project and program requirements, cost/benefit, access impacts, etc.
2. Follow-up project maintenance, repairs, and/or enhancement will be billed to Project Long-Term Management within the Program Contingency Account.