

Mallard Point Disposal Systems, Inc.  
104 Teal Court  
Georgetown, Kentucky 40324

2005-235

April 13, 2006

Ms. Beth O'Donnell  
Public Service Commission  
Box 615, 211 Sower Blvd.  
Frankfort, KY 40602-0615

Ms. O'Donnell:

Enclosed please find the quarterly financials for Mallard Point Disposal Systems, Inc.

Sincerely,



Mark S. Smith

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement**  
**January through March 2006**

	Jan - Mar 06
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Utility Income	47,711.24
<b>Total Income</b>	47,711.24
<b>Expense</b>	
Automobile Expense	1,883.52
Bank Service Charges	226.00
Chemical Expense	771.50
Contract Labor	7,362.71
Contract Service	5,120.00
Dues and Subscriptions	15.00
Fuel Expense	1,439.74
Installment Loan Payment	3,961.65
Insurance	1,627.12
Interest Expense	
Loan from Shareholder	1,409.25
<b>Total Interest Expense</b>	1,409.25
Laboratory Expense	2,000.00
Maintenance Expense	29.15
Management Fee	5,450.00
Mortgage Payment	16,107.37
Office Supplies	34.77
Parts	108.50
Postage and Delivery	567.07
Professional Fees	
Accounting	1,350.00
Legal Fees	3,000.00
<b>Total Professional Fees</b>	4,350.00
Rent	2,200.00
Telephone Expense	148.44
Utilities	
Electric	3,013.23
Water	290.53
<b>Total Utilities</b>	3,303.76
<b>Total Expense</b>	58,115.55
<b>Net Ordinary Income</b>	-10,404.31
<b>Other Income/Expense</b>	
Other Expense	
Other Expenses	270.00
<b>Total Other Expense</b>	270.00
<b>Net Other Income</b>	-270.00
<b>Net Income</b>	-10,674.31

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement**  
**Quarter Ending March 31, 2006**

	Jan - Mar 06
<b>Ordinary Income/Expense</b>	
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<b>Total Income</b>	47,711.24
<b>Expense</b>	
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<b>Net Other Income</b>	-270.00
<b>Net Income</b>	-10,674.31

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement Detail**  
**Quarter Ending March 31, 2006**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>	<u>Balance</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>Utility Income</b>					
1/3/2006		Deposit		1,104.89	1,104.89
1/5/2006		Deposit		2,240.11	3,345.00
1/9/2006		Deposit		2,066.95	5,411.95
1/11/2006		Deposit		2,016.82	7,428.77
1/13/2006		Deposit		569.64	7,998.41
1/20/2006		Deposit		2,557.73	10,556.14
1/23/2006		Deposit		609.06	11,165.20
1/23/2006		Deposit		1,048.41	12,213.61
1/24/2006		Deposit		1,310.44	13,524.05
1/24/2006		Adjusting Entry	error in deposit	-17.08	13,506.97
1/25/2006		Deposit		1,128.99	14,635.96
1/26/2006		Deposit		559.35	15,195.31
1/30/2006		Deposit		675.51	15,870.82
1/30/2006		Deposit		1,078.00	16,948.82
1/31/2006		Deposit		670.51	17,619.33
2/1/2006		Deposit		706.51	18,325.84
2/2/2006		Deposit		5.00	18,330.84
2/2/2006		Deposit		573.48	18,904.32
2/3/2006		Deposit		1,453.42	20,357.74
2/7/2006		Deposit		2,228.27	22,586.01
2/8/2006		Deposit		4.71	22,590.72
2/9/2006		Deposit		816.67	23,407.39
2/13/2006		Deposit		1,098.99	24,506.38
2/20/2006		Deposit		360.03	24,866.41
2/20/2006		Deposit		503.48	25,369.89
2/23/2006		Deposit		746.09	26,115.98
2/23/2006		Deposit		1,804.92	27,920.90
2/24/2006		Deposit		497.36	28,418.26
2/27/2006		Deposit		493.35	28,911.61
2/27/2006		Deposit		817.38	29,728.99
2/27/2006		Adjusting Entry	error in deposit	-3.30	29,725.69
2/28/2006		Deposit		1,243.15	30,968.84
3/2/2006		Deposit		1,492.26	32,461.10
3/3/2006		Deposit		1,852.62	34,313.72
3/6/2006		Deposit		1,094.70	35,408.42
3/10/2006		Deposit		2,923.20	38,331.62
3/13/2006		Deposit		825.22	39,156.84
3/17/2006		Deposit		760.51	39,917.35
3/21/2006		Deposit		1,722.76	41,640.11
3/23/2006		Deposit		1,783.34	43,423.45
3/24/2006		Deposit		443.19	43,866.64
3/27/2006		Deposit		1,004.50	44,871.14
3/28/2006		Deposit		997.12	45,868.26
3/31/2006		Deposit		1,278.34	47,146.60
3/31/2006		Deposit		564.64	47,711.24
<b>Total Utility Income</b>				<b>47,711.24</b>	<b>47,711.24</b>
<b>Total Income</b>				<b>47,711.24</b>	<b>47,711.24</b>
<b>Expense</b>					
<b>Automobile Expense</b>					
2/12/2006	1323	Ford Credit Services		627.84	627.84
2/27/2006	1337	Ford Credit Services		627.84	1,255.68
3/30/2006	1358	Ford Credit Services		627.84	1,883.52
<b>Total Automobile Expense</b>				<b>1,883.52</b>	<b>1,883.52</b>

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement Detail**  
**Quarter Ending March 31, 2006**

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Paid Amount</u>	<u>Balance</u>
<b>Bank Service Charges</b>					
1/31/2006		First National Bank	overdraft charges	100.00	100.00
1/31/2006			Service Charge	10.00	110.00
2/28/2006		First National Bank	return ck & od fees	56.00	166.00
3/31/2006		First National Bank	od fees	50.00	216.00
3/31/2006			Service Charge	10.00	226.00
Total Bank Service Charges				226.00	226.00
<b>Chemical Expense</b>					
1/6/2006	1307	Norton		168.00	168.00
2/9/2006	1325	Norton		294.00	462.00
3/10/2006	1343	Norton		309.50	771.50
Total Chemical Expense				771.50	771.50
<b>Contract Labor</b>					
1/5/2006	1300	JeBe Company		1,227.71	1,227.71
1/23/2006	1313	Hanson		100.00	1,327.71
1/27/2006	1317	Hanson		1,130.00	2,457.71
2/7/2006	1324	Hanson		385.00	2,842.71
2/10/2006	1326	Hanson		1,130.00	3,972.71
2/24/2006	1334	Hanson		1,130.00	5,102.71
3/10/2006	1342	Hanson		1,130.00	6,232.71
3/24/2006	1349	Hanson		1,130.00	7,362.71
Total Contract Labor				7,362.71	7,362.71
<b>Contract Service</b>					
1/6/2006	1307	Norton		1,000.00	1,000.00
1/13/2006	1306	Hanson		1,130.00	2,130.00
2/9/2006	1325	Norton		1,000.00	3,130.00
3/10/2006	1343	Norton		1,000.00	4,130.00
3/20/2006	1350	Hanson		200.00	4,330.00
3/24/2006	1351	Hager		790.00	5,120.00
Total Contract Service				5,120.00	5,120.00
<b>Dues and Subscriptions</b>					
2/16/2006	1331	Kentucky State Treasurer	annual filing fee	15.00	15.00
Total Dues and Subscriptions				15.00	15.00
<b>Fuel Expense</b>					
1/5/2006	1303	Smith, M.	reimbursement for fuel	780.00	780.00
1/17/2006	1311	Smith, M.	reimbursement for fuel	659.74	1,439.74
Total Fuel Expense				1,439.74	1,439.74
<b>Installment Loan Payment</b>					
1/25/2006	1315	First National Bank		1,320.55	1,320.55
2/27/2006	1336	First National Bank		1,320.55	2,641.10
3/24/2006	1352	First National Bank		1,320.55	3,961.65
Total Installment Loan Payment				3,961.65	3,961.65
<b>Insurance</b>					
2/2/2006	1322	Ohio Casualty		250.00	250.00
2/28/2006	1333	Ohio Casualty		877.12	1,127.12
3/26/2006	1357	Ohio Casualty		500.00	1,627.12
Total Insurance				1,627.12	1,627.12

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement Detail**  
**Quarter Ending March 31, 2006**

Date	Num	Name	Memo	Paid Amount	Balance
<b>Interest Expense</b>					
<b>Loan from Shareholder</b>					
1/31/2006	33			469.75	469.75
2/28/2006	34			469.75	939.50
3/31/2006	35			469.75	1,409.25
Total Loan from Shareholder				1,409.25	1,409.25
Total Interest Expense				1,409.25	1,409.25
<b>Laboratory Expense</b>					
3/26/2006	1353	Kenvirons		2,000.00	2,000.00
Total Laboratory Expense				2,000.00	2,000.00
<b>Maintenance Expense</b>					
3/14/2006	1346	Hanson		29.15	29.15
Total Maintenance Expense				29.15	29.15
<b>Management Fee</b>					
1/9/2006	1309	Smith, M.		450.00	450.00
1/21/2006	1312	Smith, M.		475.00	925.00
1/27/2006	1316	Smith, M.		600.00	1,525.00
2/1/2006	1320	Smith, M.		1,000.00	2,525.00
2/10/2006	1327	Smith, M.		325.00	2,850.00
2/28/2006	1338	Smith, M.		2,000.00	4,850.00
3/17/2006	1347	Smith, M.		600.00	5,450.00
Total Management Fee				5,450.00	5,450.00
<b>Mortgage Payment</b>					
1/10/2006	1308	Farmers Bank		5,367.79	5,367.79
2/13/2006	1328	Farmers Bank		5,369.79	10,737.58
3/13/2006	1345	Farmers Bank		5,369.79	16,107.37
Total Mortgage Payment				16,107.37	16,107.37
<b>Office Supplies</b>					
3/30/2006	1354	Combs	toner + paper	34.77	34.77
Total Office Supplies				34.77	34.77
<b>Parts</b>					
2/2/2006	1321	Lowe's		108.50	108.50
Total Parts				108.50	108.50
<b>Postage and Delivery</b>					
1/24/2006	1314	U. S. Post Office		10.48	10.48
1/27/2006	1318	Combs		176.30	186.78
3/1/2006	1339	U. S. Post Office		50.28	237.06
3/9/2006	1341	Combs		159.90	396.96
3/20/2006	1348	U. S. Post Office		9.28	406.24
3/30/2006	1354	Combs		160.83	567.07
Total Postage and Delivery				567.07	567.07
<b>Professional Fees</b>					
<b>Accounting</b>					
1/27/2006	1318	Combs		550.00	550.00
3/9/2006	1341	Combs		400.00	950.00
3/30/2006	1354	Combs		400.00	1,350.00
Total Accounting				1,350.00	1,350.00

**MALLARD POINT DISPOSAL SYSTEMS, Inc.**  
**Operating Statement Detail**  
**Quarter Ending March 31, 2006**

Date	Num	Name	Memo	Paid Amount	Balance
<b>Legal Fees</b>					
2/24/2006	1335	Mooney		3,000.00	3,000.00
Total Legal Fees				3,000.00	3,000.00
Total Professional Fees				4,350.00	4,350.00
<b>Rent</b>					
1/5/2006	1301	Smith, M.	3 mos rent from 2005	1,650.00	1,650.00
1/5/2006	1302	Smith, M.	Jan '06	550.00	2,200.00
Total Rent				2,200.00	2,200.00
<b>Telephone Expense</b>					
2/16/2006	1332	Nextel		148.44	148.44
Total Telephone Expense				148.44	148.44
<b>Utilities</b>					
<b>Electric</b>					
1/13/2006	1310	Kentucky Utilities		1,447.37	1,447.37
2/17/2006	1330	Kentucky Utilities		119.58	1,566.95
2/27/2006	1329	Kentucky Utilities		744.58	2,311.53
3/10/2006	1344	Kentucky Utilities		53.87	2,365.40
3/30/2006	1359	Kentucky Utilities		647.83	3,013.23
Total Electric				3,013.23	3,013.23
<b>Water</b>					
1/2/2006	1299	GMWSS		24.02	24.02
1/3/2006	1298	Kentucky American Water Co...		113.28	137.30
2/1/2006	1319	GMWSS		24.01	161.31
3/2/2006	1340	GMWSS		24.01	185.32
3/30/2006	1355	GMWSS		24.01	209.33
3/30/2006	1356	Kentucky American Water Co...		81.20	290.53
Total Water				290.53	290.53
Total Utilities				3,303.76	3,303.76
Total Expense				58,115.55	58,115.55
Net Ordinary Income				-10,404.31	-10,404.31
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
<b>Other Expenses</b>					
1/6/2006	1304	Sign Co.	signage for trucks	170.00	170.00
1/6/2006	1305	Wilhoite	signage for trucks	100.00	270.00
Total Other Expenses				270.00	270.00
Total Other Expense				270.00	270.00
Net Other Income				-270.00	-270.00
<b>Net Income</b>				<b>-10,674.31</b>	<b>-10,674.31</b>

# Statement of Cash Flows

MALLARD POINT DISPOSAL SYSTEMS, INC.  
QUARTER ENDING MARCH 31, 2006

## Cash flows from operating activities

Cash received from customers	\$47,711.24	
Cash paid for sewer treatment	(2,909.15)	
Cash paid for wages and other operating expenses	(52,476.40)	
Cash paid for legal fees	(3,000.00)	
Net cash provided (used) by operating activities		(10,674.31)

## Cash flows from financing activities

Cash received from Smith Promissory Notes	\$102,851.00	
Cash paid to retire Promissory Notes	(13,800.00)	
Net cash provided (used) in financing activities		\$89,051.00
Increase (decrease) in cash during the period		(\$2,468.80)
Cash balance at the beginning of the period		7,672.61
Cash balance at the end of the period		\$5,203.81











# PROMISSORY NOTES

Loan # 19

PROMISSORY NOTE

\$ 4000<sup>00</sup>

Georgetown, Kentucky,

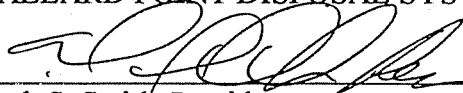
2-20-06(Date)

For value received, the undersigned agrees to pay to the order of Mark S. Smith the principal sum of ~~Four Thousand Dollars~~ and <sup>00</sup>/<sub>100</sub> Dollars (\$ 4000<sup>00</sup>), with interest from even date herewith at the rate of ~~Seven and one-half~~ percent (7%) per annum on the unpaid balance until fully paid. The principal and accrued interest shall be due and payable at 104 Teal Court, Georgetown, KY 40324 or at such other place as the holder hereof may designate in writing, two (2) years from the date hereof.

The undersigned, whether principal, surety, guarantor, endorser, or other party hereto, hereby waives demand, protest, and notice of demand, protest, and nonpayment. If this Promissory Note is referred to an attorney for collection, the undersigned agrees to pay said attorney's fees and expenses incurred.

The undersigned hereby acknowledges receipt of a true and complete copy of this Promissory Note.

MALLARD POINT DISPOSAL SYSTEMS, INC.

  
\_\_\_\_\_  
Mark S. Smith, President

Loan #20

PROMISSORY NOTE

\$ 2000<sup>00</sup>

Georgetown, Kentucky,

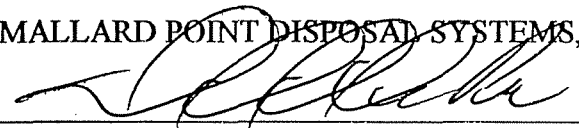
3-17-06 (Date)

For value received, the undersigned agrees to pay to the order of Mark S. Smith the principal sum of Two Thousand and 00/100 Dollars (\$2000<sup>00</sup>), with interest from even date herewith at the rate of Seven and One Half percent (7.5%) per annum on the unpaid balance until fully paid. The principal and accrued interest shall be due and payable at 104 Teal Court, Georgetown, KY 40324 or at such other place as the holder hereof may designate in writing, two (2) years from the date hereof.

The undersigned, whether principal, surety, guarantor, endorser, or other party hereto, hereby waives demand, protest, and notice of demand, protest, and nonpayment. If this Promissory Note is referred to an attorney for collection, the undersigned agrees to pay said attorney's fees and expenses incurred.

The undersigned hereby acknowledges receipt of a true and complete copy of this Promissory Note.

MALLARD POINT DISPOSAL SYSTEMS, INC.



Mark S. Smith, President