

**Central Arkansas Water  
Water Revenue Bonds  
Series 2010A, 2010C, 2011A, 2012A, 2014, 2015, 2016 (Maumelle Water Acquisition Project), 2016 (Refunding), 2017A (Wilson Water Treatment Plant Project), 2018A (Ozark Point Water Treatment Plant Project), 2018A (Woodcrest Land Acquisition), and 2018B**

**Annual Report  
Year Ended December 31, 2018**

*Customers.* As of December 31, 2018, the Central Arkansas Water ("CAW") System served a total of 136,070 customer accounts. Such customers were classified as follows:

<u>Customer Type</u>	<u>2018</u>
Residential	117,637
Commercial	12,145
Large Volume	45
Sprinkler	4,037
Private Fire Service	2,194
Wholesale	9
Raw Water	3
Total	136,070

*Addition or Deletion of Any Significant Group of Customers.* In September 2015, CAW entered into a consolidation agreement with Maumelle Suburban Improvement District No. 500 of Pulaski County, Arkansas, also known as Maumelle Water Management ("MWM"). Effective March 1, 2016, Maumelle Water Management became part of the CAW service area. The merger added an additional approximately 7,500 accounts with approximately 10,500 meters to CAW's customer base along with 600,000 feet of mains, two water storage tanks, two booster pump stations, and 675 fire hydrants. In March 2016, CAW issued Acquisition and Construction Water Revenue Bonds (Maumelle Water System Acquisition Project), Series 2016 (the "2016 Maumelle Bonds") in the aggregate principal amount of \$22,750,000 for the purpose of acquiring the MWM Water System and funding needed capital improvements to integrate the two systems.

In early 2019, CAW signed letters of intent with the Cities of Paron and Shannon Hills to explore the feasibility of merging the two cities water utilities with CAW. In addition, CAW has entered discussions with the West Pulaski Public Water Authority about taking a more significant role in extending water service to this unserved area of Pulaski County. Feasibility studies are currently underway and future action on these projects will depend on the results from those studies.

*Debt Surcharges.* Resolution 2015-15, as amended by Resolution 2016-06, established a debt surcharge levied on accounts in the MWM service area which is pledged to the 2016 Maumelle Bonds. The 2016 Maumelle Bonds are junior and subordinate to CAW's other outstanding bond issues. The debt surcharges shall be in an amount sufficient to pay for the expenses identified in the Water Consolidation Agreement, dated as of October 13, 2015. Each debt surcharge will continue until the debt associated with the respective surcharge is repaid. Debt associated with the Short-Term Debt Surcharge was fully repaid and collection discontinued as of 12/31/2017. Debt Surcharges remaining in effect as of 1/1/2018 are as follows:

Meter Size (diameter)	Intermediate-Term Debt Surcharge	Long-Term Debt Surcharge
5/8"	\$4.92	\$15.67
3/4"	4.92	15.67
1"	25.09	79.92
1 1/2"	37.39	119.09
2"	50.18	159.83
3"	62.48	199.01
4"	75.28	239.75
6"	149.05	474.71
8"	251.89	802.25

The Water System's top ten customers, based upon revenues produced during the twelve months ended December 31, 2018, were as follows:

<u>Customer</u>	<u>2018 Revenues</u>	<u>Percentage of Total 2018 System Revenues</u>	<u>Customer Type</u>
Salem Water Users PWA	\$1,407,358	2.07%	Wholesale
Jacksonville Water Works	1,393,743	2.05%	Wholesale
Bryant Water and Sewer Department	1,276,664	1.88%	Wholesale
Arkansas Electric Cooperative	415,407	0.61%	Retail
Kimberly-Clark	240,107	0.35%	Retail
Cabot Waterworks	228,602	0.34%	Wholesale
University of Arkansas for Medical Sciences	227,815	0.34%	Retail
Arkansas Department of Corrections	212,051	0.31%	Retail
Shannon Hills Water Department	183,317	0.27%	Wholesale
Baptist Health Medical Center	157,661	0.23%	Retail

*Usage.* The following table shows the Water System's water usage statistics for the year ended December 31, 2018:

<u>Year</u>	<u>Average Daily Use in Million Gallons</u>	<u>Maximum Day's Use in Million Gallons</u>
2018	61.2 MG	100.7 MG

*Water Rates.* On December 10, 2015, CAW adopted Resolution 2015-20 which amended CAW's rate schedules as set forth in Resolution 2012-07 and Resolution 2014-10, respectively. Resolution 2015-20 established new water rate schedules effective January 1, 2017, January 1, 2018 and January 1, 2019. A summary of the rates in place effective January 1, 2018 follows:

Except for internal uses, public and private fire services, all water used shall be measured through meters. The size of each meter shall be determined by CAW commensurate with its estimate of the amount of water to be used for the premises. One cubic foot of water is equal to 7.48 gallons weighing 62.5 pounds avoirdupois.

Minimum Monthly Charge

The Minimum Monthly Charge for all customers includes payment for the first 200 cubic feet (cf) of water used.

METER SIZE (diameter)	MINIMUM MONTHLY CHARGE	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE CITIES OF LR & NLR	OUTSIDE CITIES OF LR & NLR
5/8"	\$7.85	\$10.28
3/4"	10.14	13.28
1"	14.41	18.87
1 1/2"	24.37	31.90
2"	39.52	51.73
3"	73.07	95.64
4"	118.85	155.58
6"	235.08	307.72
8"	397.64	520.51
10"	572.49	749.38
12"	1,042.65	1,364.83

Additional Monthly Charge

In addition to the Minimum Monthly Charge, the following rates shall apply to the amount of water used in excess of 200 cubic feet per month:

CUSTOMER CLASS	RATES			
	EFFECTIVE JANUARY 1, 2018			
	INSIDE CITIES OF LR & NLR CHARGES (\$ PER 100 CF)		OUTSIDE CITIES OF LR & NLR CHARGES (\$ PER 100 CF)	
	3 - 33	OVER 33	3 - 33	OVER 33
RESIDENTIAL	\$1.71	\$2.22	\$2.73	\$3.57
COMMERCIAL	1.60	1.60	2.56	2.56
LARGE VOLUME	1.30	1.30	2.09	2.09
SPRINKLER	1.71	2.22	2.73	3.57

Customer Classes

The customer classes described in the Additional Monthly Charge subsection above shall be defined as follows:

"Residential" shall mean all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence.

"Commercial" shall mean all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or

a state or federal governmental agency; or (iv) a non-residential customer that does not fit the definition of a Large Volume Class customer.

"Large Volume" shall mean any non-residential and non-sprinkler customer (i) who uses at least 1,500,000 cf of water per meter during the 12-month period from September 1 to August 31; or (ii) who agrees to take or pay for a minimum of 125,000 cf of water per meter per month on an annual basis. Customers who qualify for Large Volume water service described in (i) above shall be assigned to the Large Volume Class for the calendar year beginning the following January.

"Sprinkler" shall mean all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes.

Private Fire Service

Private fire service connections for private premises shall pay the following annual fire service charges:

	RATES	
	EFFECTIVE JANUARY 1, 2018	
	INSIDE CITIES OF LR & NLR	OUTSIDE CITIES OF LR & NLR
FIRE HYDRANTS	\$79.51	\$115.02
FIRE CONNECTION MINIMUM CHARGE	92.20	133.38
AUTOMATIC SPRINKLER SYSTEM MINIMUM CHARGE (1,000 HEADS)	92.20	133.38
ADDITIONAL HEADS, EACH	0.09	0.15
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	18.03	26.10
1 1/2" DIAMETER, EACH	28.07	40.59
2" DIAMETER, EACH	46.12	66.69
2 1/2" DIAMETER, EACH	92.20	133.38

Wholesale Customers

Unless specified differently by contract, all customers located outside the municipal boundaries of the City of Little Rock and the City of North Little Rock and purchasing water through a wholesale meter shall pay the Minimum Monthly Charge for the first 200 cubic feet of water used and an additional amount determined by the following rates for all water used in excess of 200 cubic feet per month.

METER SIZE (diameter)	MINIMUM MONTHLY CHARGE
	EFFECTIVE JANUARY 1, 2018
	(INCLUDES FIRST 200CF)
5/8"	\$10.28
3/4"	13.28
1"	18.87
1 1/2"	31.90
2"	51.73
3"	95.64
4"	155.58
6"	307.72
8"	520.51
10"	749.38
12"	1,364.83

TIME WATER IS TAKEN	RATES
	EFFECTIVE JANUARY 1, 2018
	(\$ PER 100 CF)
ON PEAK Customers taking any water from: 4:01 a.m. to 8:59 a.m and/or 5:01 p.m. to 9:59 p.m.	\$1.57
OFF PEAK Customers taking all water from: 10 p.m. to 4 a.m. and/or 9 a.m. to 5 p.m.	1.45

Any public water system acquiring water from CAW without a written agreement for the purchase and sale of surplus water shall be charged the rates applicable to the “outside the city” Commercial customer class, as established in accordance with Section 2 of Resolution 2015-20, as amended from time to time.

Raw Water Customers

All CAW customers purchasing raw water shall pay the Minimum Monthly Charge for the first 200 cubic feet of water used and an additional amount determined by the following rate for all water used in excess of 200 cubic feet per month.

	RATES
	EFFECTIVE JANUARY 1, 2018
	(\$ PER 100 CF)
Raw Water Customer	\$0.62

Conservation Rate Discount

Inside City Residential accounts with a single house meter (no sprinkler meter) using 100, 200 or 300 cubic feet of monthly usage shall be given a Conservation Rate Discount of 15%. The discount shall not apply to zero consumption billings. Total discounts amounted to approximately \$323,000 in 2018.

Watershed Protection Fee

The Watershed Protection Fee, in amounts as set forth in the table below (no change since 2009 implementation), is added to the monthly bills of all customers. This fee is accumulated in a fund to be used for small land purchases, to service the debt on larger land purchases, and/or fund the administration of the Watershed Protection Program. If debt is incurred for any of the aforementioned purposes and the fee is pledged as collateral or a source of repayment for the debt, then the fee will continue as necessary throughout the life of the debt to service debt repayment. The fee may be suspended should CAW deem it no longer necessary for the Watershed Protection Program. Fee charges totaled approximately \$1,101,000 in 2018.

METER SIZE (diameter)	WATERSHED PROTECTION FEE EFFECTIVE MAY 1, 2009
5/8"	\$.45
3/4"	.45
1"	.68
1 1/2"	1.13
2"	2.25
3"	3.60
4"	6.75
6"	11.25
8"	22.50
10"	36.00

The Watershed Protection Fee shall not apply to the Wholesale meters, but instead shall be passed through on the same basis of meter size to the individually-metered customers of the Wholesaler as well as those of any subsequent Wholesaler. Wholesalers obtaining less than 100% of their total supply from CAW will pay only a proportional share of the fee based on the percentage supplied by CAW. Wholesalers shall report each month the total metered consumption and number of active meters by size. Wholesalers may pass the fee through directly or include it in their rates.

On December 20, 2018, CAW adopted Resolution 2018-13 which amended CAW's rate schedules as set forth in Resolution 2014-10 and Resolution 2015-20, respectively. Resolution 2018-13 established new water rate schedules effective June 1, 2019, January 1, 2020, January 1, 2021, and January 1, 2022. A summary of the approved future rates follows:

Except for internal uses, public and private fire services, all water used shall be measured through meters. The size of each meter shall be determined by CAW commensurate with its estimate of the amount of water to be used for the premises. One cubic foot of water is equal to 7.48 gallons weighing 62.5 pounds avoirdupois.

Minimum Monthly Charge

The Minimum Monthly Charge for all customers includes payment for the first 200 cubic feet (cf) of water used.

METER SIZE (diameter)	INSIDE CITY				
	MINIMUM MONTHLY CHARGE				
	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$7.85	\$7.85	\$7.85	\$7.85	\$7.85
3/4"	10.14	10.14	10.14	10.14	10.14
1"	14.41	14.41	14.41	14.41	14.41
1 1/2"	24.37	24.37	24.37	24.37	24.37
2"	39.52	39.52	39.52	39.52	39.52
3"	73.07	73.07	73.07	73.07	73.07
4"	118.85	118.85	118.85	118.85	118.85
6"	235.08	235.08	235.08	235.08	235.08
8"	397.64	397.64	397.64	397.64	397.64
10"	572.49	572.49	572.49	572.49	572.49
12"	1,042.65	1,042.65	1,042.65	1,042.65	1,042.65

\* Includes up to 200 cubic feet (CF)

METER SIZE (diameter)	OUTSIDE CITY				
	MINIMUM MONTHLY CHARGE				
	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$10.28	\$10.28	\$10.28	\$10.28	\$10.28
3/4"	13.28	13.28	13.28	13.28	13.28
1"	18.87	18.87	18.87	18.87	18.87
1 1/2"	31.90	31.90	31.90	31.90	31.90
2"	51.73	51.73	51.73	51.73	51.73
3"	95.64	95.64	95.64	95.64	95.64
4"	155.58	155.58	155.58	155.58	155.58
6"	307.72	307.72	307.72	307.72	307.72
8"	520.51	520.51	520.51	520.51	520.51
10"	749.38	749.38	749.38	749.38	749.38
12"	1,364.83	1,364.83	1,364.83	1,364.83	1,364.83

\* Includes up to 200 cubic feet (CF)

The Central Arkansas Water Board of Commissioners may, at any time by Resolution passed by a majority of the Board of Commissioners, elect to include up to 500 cubic feet of water in the Monthly Minimum Charge before the Volume Based Rates are applicable when adequate cash reserves and revenues are available to meet Central Arkansas Water's upcoming operating, maintenance, and capital expenditure requirements.

Additional Monthly Charge

In addition to the Minimum Monthly Charge, the Table of Volume-Based Rates adopted by Resolution 2015-20 for calendar years 2019 and beyond (as set forth below) shall continue to apply to the amount of water (above the amount of water included in the Monthly Minimum Charge) delivered by Central Arkansas Water per month:

CUSTOMER CLASS	INSIDE-CITY \$ PER 100 CF 1 - 33	INSIDE-CITY \$ PER 100 CF OVER 33	OUTSIDE-CITY \$ PER 100 CF 1 - 33	OUTSIDE-CITY \$ PER 100 CF OVER 33
RESIDENTIAL	\$1.71	\$2.22	\$2.73	\$3.57
COMMERCIAL	1.60	1.60	2.56	2.56
LARGE VOLUME	1.30	1.30	2.09	2.09
IRRIGATION	1.71	2.22	2.73	3.57

Nonresident Consumers

The term "outside city" used in the foregoing rates refers to any consumer receiving water service outside the municipal boundaries of the City of Little Rock and the City of North Little Rock, and to nonresident consumers and Wholesale-Metered Customers who purchase water within the municipal boundaries for transport to a point outside the municipal boundaries for use or resale.

Private Fire Service

Private fire service connections for private premises shall pay the following annual fire service charges:

	RATES			
	CURRENT		EFFECTIVE JUNE 1, 2019	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
FIRE HYDRANTS	\$79.51	\$115.02	\$79.51	\$115.02
AUTOMATIC SPRINKLER SYSTEM MINIMUM CHARGE (1,000 HEADS)	92.20	133.38	92.20	133.38
ADDITIONAL HEADS, EACH	0.09	0.15	0.09	0.15
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	18.03	26.10	18.03	26.10
1 1/2" DIAMETER, EACH	28.07	40.59	28.07	40.59
2" DIAMETER, EACH	46.12	66.69	46.12	66.69
2 1/2" DIAMETER, EACH	92.20	133.38	92.20	133.38

### Wholesale Customers

The following schedule of rates is established by Central Arkansas Water for Wholesale-Metered Customers, whether such Wholesale-Metered Customers are located within or without the political boundaries of any retail area served by Central Arkansas Water, whose rates are determined in accordance with nationally accepted cost of service rate setting standards for the water industry.

Such Wholesale-Metered Customers shall pay a Minimum Monthly Charge as noted above based on meter size and an additional amount determined by the following volume based rates for all water delivered each month by Central Arkansas Water, effective as of January 1, 2019 and June 1, 2019.

TIME WATER IS TAKEN	RATES FOR WHOLESALE-METERED CUSTOMERS	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	(\$ PER 100 CF)	(\$ PER 100 CF)
ON PEAK Customers taking any water from: 4:01 a.m. to 8:59 a.m and/or 5:01 p.m. to 9:59 p.m.	\$1.65	\$1.65
OFF PEAK Customers taking all water from: 10 p.m. to 4 a.m. and/or 9 a.m. to 5 p.m.	1.52	1.52

### Raw Water Customers

All CAW customers purchasing raw water shall pay the Minimum Monthly Charge as noted above based on meter size and an additional amount determined by the following rate for all water, effective as of the dates stated.

	RAW WATER RATES	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	(\$ PER 100 CF)	(\$ PER 100 CF)
Raw Water Customer	\$0.66	\$0.66

### Billing Fee

Commencing 6/1/2019, each bill sent by Central Arkansas Water to any customer shall include a "billing fee" of \$1.92 per bill per month. The billing fee shall be reduced to \$1.42 per month for those who agree to receive electronic, rather than paper bills. And, following the implementation of the new customer information systems (expected to be completed in the second quarter of 2020) and a change to the Paymentus payment system, the billing fee shall be reduced by up to an additional \$0.20 per month for those customers who agree to pay by recurring auto-draft each month. The billing fee shall be reduced by \$0.87 per month when the debt issued in 2018 to pay for the new customer information system is retired.

### Watershed Protection Fee

The Watershed Protection Fee is added to the monthly bills of all customers. This fee is accumulated in a fund to be used for small land purchases, to service the debt on larger land purchases, and/or fund the administration of the Watershed Protection Program. If debt is incurred for any of the aforementioned purposes and the fee is pledged as collateral or a source of repayment for the debt, then the fee will continue as necessary throughout the life of the debt to service debt repayment. The fee may be suspended should CAW deem it no longer necessary for the Watershed

Protection Program. The Watershed Protection Fee will continue as implemented in 2009 until June 1, 2019, when it shall increase to \$0.60 per 5/8" or 3/4" equivalent meter. Thereafter, the Board of Commissioners of Central Arkansas Water, at its discretion, in order to provide sufficient funding to acquire land to prevent the degradation of the water quality within the water supply lakes, may increase the Watershed Protection Fee to \$0.75 as of January 1, 2020, and to either \$0.75 or \$0.90 per month per 5/8" or 3/4" equivalent meter effective January 1, 2021. The Watershed Protection Fees for all meter sizes are presented below:

METER SIZE (diameter)	WATERSHED PROTECTION FEE			
	CURRENT	6/1/2019	If increased to \$0.75	If increased to \$0.90
5/8"	\$0.45	\$0.60	\$0.75	\$0.90
3/4"	0.45	0.60	0.75	0.90
1"	0.68	0.90	1.13	1.35
1 1/2"	1.13	1.50	1.88	2.25
2"	2.25	3.00	3.75	4.50
3"	3.60	4.80	6.00	7.20
4"	6.75	9.00	11.25	13.50
6"	11.25	15.00	18.75	22.50
8"	22.50	30.00	37.50	45.00
10"	36.00	48.00	60.00	72.00

The Watershed Protection Fee shall not apply to the Wholesale meters, but instead shall be passed through on the same basis of meter size to the individually-metered customers of the Wholesaler as well as those of any subsequent Wholesaler. Wholesalers obtaining less than 100% of their total supply from CAW will pay only a proportional share of the fee based on the percentage supplied by CAW. Wholesalers shall report each month the total metered consumption and number of active meters by size. Wholesalers may pass the fee through directly or include it in their rates.

*Rate Stabilization Account.* The Rate Stabilization Account was established to provide more stable retail water rates to customers and to assist CAW in its efforts to meet financial performance indicators and goals specified in bond covenants and monitored by various financial rating agencies. Deposits or withdrawals may be made up to and including the date ninety (90) days after the end of the fiscal year for which the deposit or withdrawal will be included in the net revenue calculation. A \$20,000,000 funding limit has been established on the account. At December 31, 2018, the account balance totaled approximately \$8,287,000.

*Billing Procedures, Penalties, Delinquency, and Uncollectible Accounts.* CAW's billing policy and procedures provide that bills for water services are rendered in the net amount due. Water bills, with the exception of private fire service, are due and payable monthly on or before the 20th day following the billing date stated on the water bill. Payments for private fire service are due in semi-annual installments in advance on the first (1st) day of January and July of each year. Any water bill not paid on or before the due date is considered delinquent and a penalty of 10% of the total current bill is assessed against the account. In the event that bills due for water service are not paid on or before the next billing date, a disconnect notice is sent with the following month's bill, stating that the previous balance must be paid by the due date of the accompanying bill to avoid service disruption. Should any delinquent bill remain unpaid, CAW issues a disconnect order 2-3 days following the due date of the second bill. The customer's deposit will be forfeited in an amount sufficient to cover the gross amount of the due bill. The forfeiture of the deposit will take place if the customer has not paid the delinquent bill plus all applicable service charges within 7 days after disconnection. In such event, CAW may levy a reconnection charge to restore service. For Wholesale-Metered Customers, a penalty of ten percent (10%) shall be added to a Wholesale-Metered Customer bill not paid before the 20<sup>th</sup> day following the billing date. If a bill is not paid within 30 days after the billing date, service for the affected Wholesale-Metered Customer may be restricted, limited or even fully disconnected at CAW's discretion. In such event, CAW may levy a service charge for installation and removal of the device installed to restrict or limit flow or a reconnection charge in the case of disconnection.

The following table details account data for the Water System for the year ended December 31, 2018. An inactive account is written off after 90 days. When a customer with a written off balance returns to the Water System, any amount previously written off must be paid in full before service can be connected or reconnected. Outside collection services are used in attempts to collect from inactive customer accounts.

<u>Year</u>	<u>System Revenues</u>	<u>Bad Debt Expense</u>	<u>Percentage</u>
2018	\$67,842,000	\$300,000	0.44%

*Projected Capital Expenditures.* CAW anticipates the cost of contemplated expansions and capital improvements to the Water System over the next five years to be as set forth in the following table. Said expansions and improvements are expected to be financed from a combination of sources, including (i) proceeds from the 2016 Maumelle Bonds; (ii) proceeds from Water Revenue Bonds Series 2017A; (iii) proceeds from Water Revenue Bonds Series 2018A (Ozark Point Water Treatment Plant Project); (iv) proceeds from Water Revenue Bonds Series 2018B; (v) proceeds from a loan from the United States Army Corps of Engineers; and (vi) cash funds generated by the Water System.

<u>Category of Improvement</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Totals</u>
Lake Maumelle Watershed Protection	\$1,890,000	\$875,000	\$875,000	\$875,000	\$775,000	\$5,290,000
Equipment and Services	10,823,870	7,187,130	5,430,370	4,729,000	3,794,500	31,964,870
Water Rights	4,640,000	—	—	—	—	4,640,000
Storage and Surge Tanks	1,246,000	210,000	900,000	700,000	400,000	3,456,000
Facilities Upgrades	26,029,960	36,107,000	8,414,130	4,182,000	1,772,000	76,505,090
Transmission Mains	4,405,000	3,150,000	3,155,000	2,750,000	300,000	13,760,000
Distribution Mains	<u>6,620,000</u>	<u>5,761,000</u>	<u>6,507,000</u>	<u>7,002,500</u>	<u>7,498,000</u>	<u>33,388,500</u>
Totals:	<u>\$55,654,830</u>	<u>\$53,290,130</u>	<u>\$25,281,500</u>	<u>\$20,238,500</u>	<u>\$14,539,500</u>	<u>\$169,004,460</u>

*Annual Audit of Central Arkansas Water for Year Ended December 31, 2018.* Attached is the annual audit of Central Arkansas Water for the years ended December 31, 2018 and 2017, as prepared by BKD, LLP, independent certified public accountants.