



**THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

December 31, 2009 and 2008

**THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK**

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Independent Auditors' Report

Board of Directors
The Indianapolis Local Public Improvement Bond Bank
Indianapolis, Indiana

We have audited the accompanying statement of net assets of The Indianapolis Local Public Improvement Bond Bank (The Bond Bank) as of December 31, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Bond Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Indianapolis Local Public Improvement Bond Bank as of December 31, 2008, were audited by other auditors whose report dated June 30, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bond Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of The Indianapolis Local Public Improvement Bond Bank at December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis presented on pages 4 to 8 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information; however, we did not audit the information and express no opinion on it.

SOMERSET CPAS, PC

June 2, 2010

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**THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2009 and 2008**

As management of The Indianapolis Local Public Improvement Bond Bank (Bond Bank), we offer readers of the Bond Bank's financial statements this narrative overview and analysis of the financial activities of the Bond Bank for the fiscal year ended December 31, 2009. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

For 2009, revenues exceeded expenses by \$1.45 million, which is reflected in the increase in net assets.

Total assets increased from \$4.46 billion at December 31, 2008 to \$4.54 billion at December 31, 2009. This is an increase of approximately \$80 million. This increase occurred primarily in cash, investments and loans receivable.

During 2009, the Bond Bank issued \$792 million in new and refunding bonds. The Bond Bank's Series 2009A bonds accounted for \$564 million of the new bonds issued. The proceeds of Series 2009A bonds were used to refund the 2004A, 2005G, and 2005H bonds and fund the Waterworks Project. The Bond Bank's Series 2009B and 2009C bonds accounted for \$166 million of the new bonds issued. The proceeds of Series 2009B and 2009C bonds were used to refund the 2002F bonds and fund the Redevelopment District Project. The Bond Bank's Series 2009D bonds accounted for \$11 million of the new bonds issued. The proceeds of Series 2009D bonds were used to fund the Fort Harrison Military Base Reuse Authority Project. The Bond Bank's Series 2009E bonds accounted for \$32 million of the new bonds issued. The proceeds of Series 2009E bonds were used to fund the Sanitary District State Revolving Fund #12 Project. The Bond Bank's Series 2009F bonds accounted for \$19 million of the new bonds issued. The proceeds of Series 2009F bonds were used to refund the 1995B, 1997A, and 1999C bonds.

The Bond Bank issued \$353 million in new notes payable during 2009. Series 2009A-D, Series 2009E-H, Series 2009I-J, and Series 2010A-D accounted for 100% of the new notes issued.

During 2009, the Bond Bank refunded bonds of \$632 million and made draws on bonds of \$15.8 million. In addition, the Bond Bank made principal payments of \$739 million on bonds payable and \$423 million on notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Bond Bank's basic financial statements. The Bond Bank is an instrumentality of the City of Indianapolis and is maintained as a Proprietary Fund. Proprietary Funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, Proprietary Funds must be used in situations where debt is backed solely by fees and charges. A Proprietary Fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Bond Bank's financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows, and the notes to the financial statements. All information included in this discussion and analysis is presented for the three most recent fiscal years to provide the opportunity for comparison between the years.

The *statements of net assets* present information on all of the Bond Bank's assets and liabilities, with the difference between the two reported as net assets.

The *statements of revenues, expenses and changes in net assets* present information showing how the Bond Bank's net assets changed during each year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

In contrast, the *statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

These financial statements can be found on pages 9 to 11 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 to 44 of this report.

FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Bond Bank, assets exceeded liabilities by \$3.82 million at the close of the most recent fiscal year.

The Indianapolis Local Public Improvement Bond Bank's Net Assets (In Thousands of Dollars)

	2009	December 31, 2008	2007
Current assets	\$ 823,073	\$ 819,541	\$ 982,475
Noncurrent assets	<u>3,714,225</u>	<u>3,637,541</u>	<u>3,166,122</u>
Total Assets	<u>\$4,537,298</u>	<u>\$4,457,082</u>	<u>\$4,148,597</u>
Current liabilities	\$ 723,057	\$ 837,783	\$ 623,921
Long-term liabilities outstanding	<u>3,810,421</u>	<u>3,616,933</u>	<u>3,522,189</u>
Total Liabilities	4,533,478	4,454,716	4,146,110
Net assets	<u>3,820</u>	<u>2,366</u>	<u>2,487</u>
Total Liabilities and Net Assets	<u>\$4,537,298</u>	<u>\$4,457,082</u>	<u>\$4,148,597</u>

Loans receivable have continued to increase over the years as the Bond Bank continues to issue debt funding the projects of the qualified entities. As new and existing projects are undertaken and completed, additional bonds are issued on behalf of the qualified entities to fund the projects. Therefore, loans receivable and bonds payable have continued to increase.

FINANCIAL ANALYSIS (CONTINUED)

**The Indianapolis Local Public Improvement Bond Bank's
Statements of Revenue, Expenses and Changes in Net Assets
(In Thousands of Dollars)**

	Year Ended December 31,		
	2009	2008	2007
Operating Revenues:			
Interest-investments	\$ 206,172	\$ 208,350	\$166,005
Fees	<u>3,433</u>	<u>3,874</u>	<u>3,389</u>
Total Operating Revenues	<u>209,605</u>	<u>212,224</u>	<u>169,394</u>
Operating Expenses:			
Interest	200,365	202,516	161,825
Amortization of debt issuance costs	4,617	4,629	4,081
Administrative costs	<u>1,065</u>	<u>2,092</u>	<u>2,014</u>
Total Operating Expenses	<u>206,047</u>	<u>209,237</u>	<u>167,920</u>
Operating Income (Loss)	3,558	2,987	1,474
Other Financing Uses	<u>(2,104)</u>	<u>(3,108)</u>	<u>(2,813)</u>
Increase (decrease) in net assets	1,454	(121)	(1,339)
Net Assets:			
Beginning of Year	<u>2,366</u>	<u>2,487</u>	<u>3,826</u>
End of Year	<u>\$ 3,820</u>	<u>\$ 2,366</u>	<u>\$ 2,487</u>

The Bond Bank's net assets increased by approximately \$1.45 million during the current fiscal year. Key elements of this decrease are as follows:

Total operating revenues decreased by \$2.62 million. Interest income is received on loans receivable, as well as other investments, and decreased \$2.18 million. Operating fees decreased by \$0.44 million.

Total operating expenses decreased by \$3.19 million. Interest expense on bonds payable decreased \$2.15 million. The remainder of the operating expenses consists of amortization on bond related cost of issuance, administrative expenses, trustee fees and professional fees and decreased \$1.04 million.

Total other financing uses decreased by \$1.0 million.

DEBT ADMINISTRATION

Long-term Debt: At the end of the current fiscal year, the Bond Bank had bonds and notes payable net of premium/discount of approximately \$4.29 billion. The bonds and notes payable are secured by specified revenue sources.

**The Indianapolis Local Public Improvement Bond Bank’s Outstanding Debt
(In Thousands of Dollars)**

	2009	December 31, 2008	2007
Bonds payable	\$3,879,812	\$3,798,901	\$3,412,225
Note payable	409,312	417,362	587,786

During 2009, the Bond Bank issued \$792 million in new and refunding bonds and \$353 million in new notes payable.

Following is a summary of the new bonds and notes issued in the current fiscal year.

Bond Series 2009A (\$563,780,000) was used to refund the outstanding principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2004A (Waterworks Project), Series 2005G (Waterworks Project), and Series 2005H (Waterworks Project) and to purchase the City of Indianapolis Waterworks District Net Revenue Bonds, Series 2009A. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2009A Bonds as well as fund certain payments to terminate swap agreements and pay certain program expenses of the Bond Bank.

Bond Series 2009B (\$145,780,000) was used to refund the outstanding principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002F (Redevelopment District), and to purchase the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009A. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2009B Bonds as well as fund certain payments to terminate swap agreements.

Bond Series 2009C (\$20,320,000) was used to refund the outstanding principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002F (Redevelopment District), and to purchase the City of Indianapolis Redevelopment District Subordinate Taxable Tax Increment Revenue Bonds, Series 2009B. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2009C Bonds as well as fund certain payments to terminate swap agreements.

Bond Series 2009D (\$11,085,000) was used to purchase the Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2009 (the “2009 Authority Bonds”) to be issued by the Fort Harrison Reuse Authority. A portion of the proceeds was used fund a debt service reserve and pay the cost of issuance of the Series 2009D Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2009E (\$32,050,000) was used to purchase the Sanitary District State Revolving Fund Project #12 Revenue Bonds, Series 2009A. A portion of the proceeds was used fund a debt service reserve and pay the cost of issuance of the Series 2009E Bonds as well as certain construction costs.

DEBT ADMINISTRATION (CONTINUED)

Bond Series 2009F (\$19,420,000) was used to refund the outstanding principal amount of The Indianapolis Local Public Improvement Bond Bank Bonds, Series 1995B, Series 1997A, and Series 1999C and to purchase the City of Indianapolis Net Revenue Bonds, Series 2009F for the Flood Control, Redevelopment, and Sanitary Districts as well as Marion County and the IPTC. A portion of the proceeds was used to pay the cost of issuance of the Series 2009F Bonds as well as certain program expenses of the Bond Bank.

Note Series 2009 A-D Warrants (\$131,625,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

Note Series 2009 E-H Warrants (\$109,450,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

Note Series 2009 I-J Warrants (\$24,950,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

Note Series 2010 A-D Warrants (\$86,900,000) proceeds were used to provide cash advances to qualified entities in anticipation of receipt of ad valorem property taxes.

OTHER SIGNIFICANT MATTERS

There were no matters noted that require additional discussion.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Bond Bank's finances. Questions concerning any of this information should be addressed to The Indianapolis Local Public Improvement Bond Bank, 200 East Washington Street, Suite 2342, Indianapolis, IN 46204.

INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK**Statement of Net Assets
December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and equivalents	\$ 2,628,188	\$ 2,409,924
Cash and Investments - restricted	360,293,825	438,142,300
Interest receivable	93,177,144	79,495,478
Investments held by trustee, at fair value	17,236,319	1,063,960
Loans receivable from qualified entities	346,394,923	295,889,890
Receivables and advances to qualified entities - net of allowance for doubtful accounts of \$0 in 2009 and 2008	3,062,626	2,290,010
Prepaid expenses and other assets	280,246	250,000
	<u>823,073,271</u>	<u>819,541,562</u>
Total Current Assets		
Noncurrent Assets		
Loans receivable	3,655,702,720	3,584,045,858
Deferred debt issuance costs - net of accumulated amortization of \$53,004,820 in 2009 and \$48,387,750 in 2008	58,522,472	53,494,703
	<u>3,714,225,192</u>	<u>3,637,540,561</u>
Total Noncurrent Assets		
Total Assets	<u>\$ 4,537,298,463</u>	<u>\$ 4,457,082,123</u>

	<u>2009</u>	<u>2008</u>
Liabilities		
Current Liabilities		
Interest payable	\$ 93,130,338	\$ 83,596,024
Accounts payable and accrued expenses	839,424	305,116
Funds held for qualified entities	150,384,572	154,551,700
Notes payable - current	366,639,846	370,319,073
Bonds payable - current	112,063,250	229,010,574
	<u>723,057,430</u>	<u>837,782,487</u>
Noncurrent Liabilities		
Notes payable	42,672,341	47,043,129
Bonds payable	3,767,748,458	3,569,890,289
	<u>3,810,420,799</u>	<u>3,616,933,418</u>
Total Long-term Liabilities	<u>3,810,420,799</u>	<u>3,616,933,418</u>
Total Liabilities	<u>4,533,478,229</u>	<u>4,454,715,905</u>
Net Assets - Unrestricted	<u>3,820,234</u>	<u>2,366,218</u>
Total Liabilities and Net Assets	<u><u>\$ 4,537,298,463</u></u>	<u><u>\$ 4,457,082,123</u></u>

See accompanying notes.

INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Revenue		
Interest	\$ 206,172,423	\$ 208,350,320
Fees	<u>3,432,585</u>	<u>3,873,926</u>
Total Operating Revenue	<u>209,605,008</u>	<u>212,224,246</u>
Operating Expenses		
Interest	200,364,622	202,516,260
Amortization of debt issuance costs	4,617,070	4,628,741
Administrative costs	<u>1,064,815</u>	<u>2,092,530</u>
Total Operating Expenses	<u>206,046,507</u>	<u>209,237,531</u>
Operating Income	<u>3,558,501</u>	<u>2,986,715</u>
Other Financing Uses		
Allowance and expenditures for the City	1,472,346	2,831,877
Allowance and expenditures for Union Station	<u>632,139</u>	<u>275,651</u>
Total Other Financing Uses	<u>2,104,485</u>	<u>3,107,528</u>
Increase (Decrease) in Net Assets	1,454,016	(120,813)
Net Assets - Unrestricted		
Beginning of Year	<u>2,366,218</u>	<u>2,487,031</u>
End of Year	<u>\$ 3,820,234</u>	<u>\$ 2,366,218</u>

See accompanying notes.

INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Statements of Cash Flows

For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Fees received	\$ 3,432,585	\$ 3,873,926
Cash payments for salaries, administrative and other expenses	(1,333,369)	(2,399,544)
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	2,099,216	1,474,382
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Maturities of loans to qualified entities	1,117,168,592	496,955,660
Issuance of loans to qualified entities	(1,239,330,487)	(878,544,645)
(Increase) Decrease in investments	(16,172,359)	391,363,349
(Increase) Decrease in restricted cash and equivalents	77,848,475	(220,312,649)
Interest received on loans and investments	192,490,757	187,557,308
	<hr/>	<hr/>
Net cash Provided by (used in) Investing Activities	132,004,978	(22,980,977)
	<hr/>	<hr/>
Non-Capital Financing Activities		
Proceeds from debt issuance	1,234,670,841	677,452,207
Debt issuance costs	(9,644,839)	(10,048,927)
Principal payments to reduce indebtedness	(1,161,810,011)	(461,199,665)
Transfers and expenditures for qualified entities	(6,271,613)	(401,566)
Interest paid on bonds and note payable	(190,830,308)	(184,039,094)
	<hr/>	<hr/>
Net Cash Provided by (used in) Non-Capital Financing Activities	(133,885,930)	21,762,955
	<hr/>	<hr/>
Net Increase in Cash and Cash Equivalents	218,264	256,360
Cash and Cash Equivalents, Beginning of Year	2,409,924	2,153,564
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 2,628,188	\$ 2,409,924
	<hr/>	<hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 3,558,501	\$ 2,986,715
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of debt issuance costs	4,617,070	4,628,741
Change in prepaid expenses and other assets	(802,862)	
Change in accounts payable	534,308	(307,014)
Interest income	(206,172,423)	(208,350,320)
Interest expense	200,364,622	202,516,260
	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ 2,099,216	\$ 1,474,382
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See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: The Indianapolis Local Public Improvement Bond Bank (the Bond Bank) was created in 1985 under applicable State of Indiana statutes. The Bond Bank is an instrumentality of the City of Indianapolis (City) but is not a City agency and has no taxing power. It has separate corporate and sovereign capacity and its board is composed of five directors appointed by the Mayor of the City.

The Bond Bank is authorized to buy and sell securities for the purpose of providing funds to the following qualified entities:

- City of Indianapolis, including all special taxing districts thereof
- Marion County, Indiana
- Health and Hospital Corporation of Marion County
- Indianapolis Public Transportation Corporation
- Indianapolis Airport Authority
- Indianapolis-Marion County Building Authority
- Capital Improvement Board of Managers (of Marion County, Indiana)
- Marion County Convention and Recreational Facilities Authority
- Indianapolis-Marion County Library
- Public Schools Chartered by the Mayor of Indianapolis
- Fort Harrison Reuse Authority

The Bond Bank enables the qualified entities to issue debt, in some circumstances, at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. To accomplish its purpose, the Bond Bank may issue its own bonds or notes. It also has general powers to enter into, make, and perform contracts of every lawful kind to accomplish its purpose.

Bonds and notes are issued by the Bond Bank to provide funds to loan to the qualified entities and are limited obligations of the Bond Bank. They are secured and payable solely from principal and interest payments received by the Bond Bank on loans to qualified entities (evidenced by bonds and notes issued by the qualified entities) that were made from proceeds of the issuance of particular bonds or notes, and in certain issues, from designated funds and earnings held in trust. Owners of the Bond Bank bonds and notes have a claim solely against the payments received on the respective loans to qualified entities made by the Bond Bank with proceeds from the issuance of particular bonds or notes (and other funds held in trust when applicable) and have no claims or rights against any other assets held by the Bond Bank.

Indiana statutes permit the Bond Bank to invest in securities authorized by its respective fiduciary documents. These investments include obligations of the U.S. Treasury and U.S. agencies, commercial paper, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, guaranteed investment contracts and negotiable order of withdrawal accounts. Repurchase agreements are required to be fully collateralized by interest-bearing obligations as determined by the current market value computed on the day the agreement is effective.

Basis of Presentation and Accounting: The Bond Bank is accounted for as a Proprietary Fund. A Proprietary Fund is used to account for an operation where periodic determination of revenues earned, expenses incurred, and net income on an accrual basis is appropriate (accrual method). Accordingly, the Bond Bank recognizes revenues in the period earned and expenses in the period incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Bond Bank has adopted Government Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. Pursuant to this pronouncement, the Bond Bank is required to apply all applicable GASB pronouncements as well as any Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. As permitted by GASB No. 20, the Bond Bank has elected not to comply with the FASB Statements and Interpretations issued subsequent to November 30, 1989.

The Bond Bank has also adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-For State and Local Government*. GASB Statement No. 34 requires a specific presentation for the Bond Bank's financial statements in addition to the section for Management's Discussion and Analysis as supplementary information to precede the financial statements.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash Equivalents: The Bond Bank considers all investments in commercial paper, certificates of deposit, repurchase agreements, passbook savings and money market deposits with original maturities of three months or less to be cash equivalents.

Investments: All investments are reflected at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Specifically, money market funds and secured investment agreements are reflected at cost (which approximates fair value) while U.S. Government obligations are based upon quoted market prices. Changes in the fair value of investments are included in the statement of revenues, expenses and changes in net assets.

Loans to Qualified Entities: Loans to qualified entities are recorded at cost and adjusted for amortization of discounts/premiums on a basis that approximates a constant rate of return over the remaining life of the loan.

Deferred Debt Issuance Costs: Costs related to the issuance of debt, including original issue discounts and premiums, are capitalized and amortized over the term of the respective debt issue on a basis that approximates a constant effective interest rate.

Defeasance of Debt: Subject to specific covenants with bond or note holders, the Bond Bank considers debt to be defeased when cash or other assets are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on a specific obligation. The related liability and assets held in trust for the related bonds are removed from the financial statements.

The difference between the cost of escrowed funds to defease debt and the net carrying amount of defeased debt is amortized as a component of interest expense over the life of the new debt or the defeased debt, whichever is shorter.

Interest Rate Swap Agreements: The Bond Bank enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes: The Bond Bank is exempt from federal and state income taxes.

Reclassifications: Certain items in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

NOTE 2 - CASH AND INVESTMENTS

Proceeds of certain note and bond issues are invested with various banks in their capacity as trustees under trust agreements executed concurrently with the indentures and are pledged to the repayment of certain notes payable and bonds payable. The Bond Bank Act permits funds to be invested as provided in trust indentures executed by the Bond Bank and based on resolutions of its Board of Directors.

The Bond Bank's cash and investments at December 31, 2009, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	\$ 74,323,590	\$ 74,323,590
Investments not subject to categorization:		
Money market funds	285,970,235	285,970,235
Guaranteed investment contracts	17,236,319	17,236,319
Cash	<u>2,628,188</u>	<u>2,628,188</u>
Total Cash and Investments	<u>\$380,158,332</u>	<u>\$380,158,332</u>

The Bond Bank's cash and investments at December 31, 2008, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	\$ 43,536,993	\$ 43,536,993
Investments not subject to categorization:		
Money market funds	394,605,307	394,605,307
Guaranteed investment contracts	1,063,960	1,063,960
Cash	<u>2,409,924</u>	<u>2,409,924</u>
Total Cash and Investments	<u>\$441,616,184</u>	<u>\$441,616,184</u>

Funds deposited under investment agreements with banks and insurance companies earn a fixed interest rate and generally expire upon extinguishment of the debt issues to which they relate. Funds deposited under investment agreements with banks and insurance companies are unsecured.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2009, the Bond Bank had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government agency obligations	\$ 74,323,590	\$ 74,323,590			
Guaranteed investment contracts	17,236,319	17,236,319			
	<u>\$ 91,559,909</u>	<u>\$ 91,559,909</u>			

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's investments at December 31, 2009:

Credit Ratings	S&P	Fitch	Moody's	Fair Value
U.S. Government agency Obligations	AAA	AAA	Aaa	\$ 74,323,590
FSA Cap Mgmt Serv LLC GIC	A	A+	A1	16,172,359
AIG GIC	A-	BBB	A3	1,063,960
Total Rated Investments				<u>\$ 91,559,909</u>

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The following shows an investment in an issuer that represents 5% or more of the total investments at December 31, 2009:

U.S. Government	20%
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Funds deposited under secured investment agreements earn fixed rates of interest. A majority of these investments are for the Tax Anticipation Warrant Program. The agreements allow periodic withdrawals in order to meet the financing needs of this program and expire upon extinguishment of the related Warrant Program note payable.

NOTE 3 - LOANS TO QUALIFIED ENTITIES

All purchases of qualified obligations are authorized by the Board of Directors of the Bond Bank. Prior to being presented to the Board of Directors, an evaluation of each purchase is made by Bond Bank management and independent consultants. Repayment of these obligations by the qualified entities is funded by many sources, including property tax revenues and user fees.

The Bond Bank's loans to qualified entities at December 31, 2009 and 2008, represent loans in connection with certain original bond or note obligations as follows:

	2009	2008
City of Indianapolis Redevelopment District Bonds, Series 1991 A, maturing February 1, 2010 to 2020, with interest on current interest bonds of 6.00%; yields on capital appreciation bonds of 7.25%.	\$ 33,050,000	\$ 35,190,000
Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2010 to 2017, with interest of 5.5%.	90,020,000	98,730,000
Indianapolis-Marion County Building Authority Detention Center Bonds of 1989, maturing December 30, 2010 to 2012, with interest of 8%.	4,080,000	6,325,000
Health and Hospital Corporation of Marion County Bonds of 1988, Series A, maturing June 30, 2010 to December 30, 2019, with interest of 7.40%.	16,185,000	17,750,000
Indianapolis-Marion County Building Authority Bonds, City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1992, Series A, maturing February 1, 2010 to 2014, with interest ranging at 6.75%. Partial refunding of \$55,000,000 from City of Indianapolis Redevelopment District Subordinate Limited Recourse Refunding Note, Series 1998 A, representing amounts maturing February 1, 2022, and partial refunding of \$2,000,000 from City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Bonds Series 2002 A, representing amounts maturing February 1, 2012, 2013, 2014.	66,920,000	76,230,000
City of Indianapolis Redevelopment District Bonds of 1993, Series A, maturing January 1, 2010 to 2013, with yields on capital appreciation bonds ranging from 6.15% to 6.30%.	25,460,000	31,830,000
City of Indianapolis Sanitary District Project Bonds, Series 1995A, with interest ranging from 5.00% to 5.25%, refunded on August 19, 2009 by the City of Indianapolis Net Revenue Refunding Bonds, Series 2009F-1, representing amounts maturing January 1, 2017		3,435,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis Redevelopment District Project Bonds, Series 1995 A, with interest ranging from 5.00% to 5.25%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Refunding Bonds, Series 2009F-1, representing amounts maturing January 1, 2017.		1,775,000
City of Indianapolis Flood Control District Project Bonds, Series 1995 A, with interest ranging from 5.00% to 5.25%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Refunding Bonds, Series 2009F-1, representing amounts maturing January 1, 2017.		1,205,000
Indianapolis-Marion County Building Authority Bonds, Series 1997A, with interest ranging from 7.2% to 7.5%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Taxable Refunding Bonds, Series 2009F-2, representing amounts maturing January 1, 2017.		6,710,000
City of Indianapolis Sanitary District Bonds of 1993, Series A, maturing January 1, 2010 to 2013, with interest at 5.9%. Partial refunding of \$27,805,000 from City of Indianapolis Sanitary District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	17,140,000	20,850,000
City of Indianapolis Flood Control District Bonds of 1993, Series A, maturing January 1, 2010 to 2013, with interest at 5.9%. Partial refunding of \$5,515,000 from City of Indianapolis Flood Control District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	3,390,000	4,130,000
City of Indianapolis Park District Bonds of 1993 Series A, maturing January 1, 2010 to 2013, with interest at 5.9%. Partial refunding of \$11,835,000 from City of Indianapolis Park District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	7,305,000	8,880,000
City of Indianapolis Metropolitan Thoroughfare District Bonds of 1993, Series A, maturing January 1, 2010 to 2013, with interest at 5.9%. Partial refunding of \$21,195,000 from City of Indianapolis Metropolitan Thoroughfare District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	13,065,000	15,895,000
City of Indianapolis, Park District Bonds, Series 2007 B, maturing January 1, 2010 to 2013, with interest rate of 0%.	399,000	499,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2007 B, maturing January 1, 2010 to 2013, with an interest rate of 0%.	715,000	893,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis, Flood Control District Bonds, Series 2007 B, maturing January 1, 2010 to 2013, with interest rate of 0%.	187,000	233,000
City of Indianapolis, Sanitary District Bonds, Series 2007 D, maturing January 1, 2010 to 2013, with interest rate of 0%.	938,000	1,172,000
City of Indianapolis Taxable Parks Project Revenue Refunding Bonds, Series 1998 A, with interest ranging from 6.75% to 6.80%, paid off ahead of schedule on January 15, 2009.		1,125,000
City of Indianapolis Sanitary District Bonds, Series 1998 A, maturing January 1, 2010 to 2019. No interest charged through December 31, 1999, and 3.5% thereafter to maturity. Aggregate principal amount limited to \$23,000,000. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	13,955,000	15,105,000
Capital Improvement Board of Managers of Marion County Excise Taxes Revenue Bonds and Notes, Series 1999 A, maturing June 1, 2010 to 2021, with interest ranging from 4.63% and 5.00%.	23,190,000	24,570,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 1998 A, with interest ranging from 4.5% to 5.0%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Refunding Bonds, Series 2009F-1, representing amounts maturing January 1, 2017.		9,020,000
Indianapolis Public Safety Communications Systems and Computer Facilities District Bonds, Series 1999 A, maturing January 1, 2010, with an interest rate of 5.2%.	2,200,000	4,295,000
City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue and Refunding Bonds Series 1999 A, maturing February 1, 2010 to 2029, with interest ranging from 4.9% to 5.0%; yields on capital appreciation bonds ranging from 5.65% to 5.82%.	243,595,000	245,335,000
City of Indianapolis Sanitary District Bond, Series 2000 A, maturing January 1, 2010 to 2021. No interest charged through June 30, 2001, and 3.5% thereafter to maturity. Aggregate principal amount limited to \$32,000,000. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	20,310,370	21,151,269

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis Sanitary District Revenue Bonds Series 2000 B, maturing January 1, 2010, with an interest rate at 5%. Partial refunding of \$6,785,000 from Sanitary District Revenue Refunding Bonds Series 2007 I, representing amounts maturing January 1, 2021, with interest ranging from 4.00% to 4.75%.	440,000	860,000
City of Indianapolis Transportation Refunding Revenue Bonds, Series 2001, maturing January 1, 2010 to July 1, 2010, with interest ranging from 5.0% to 5.5%.	4,595,000	8,965,000
City of Indianapolis, Indiana Enhanced Emergency Telephone System Revenue Bonds, Series 2001, maturing January 1, 2010 to July 1, 2011, with interest of 5%.	3,185,000	4,665,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2001, Series, maturing January 1, 2010 to January 1, 2023, with an interest rate of 4%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	31,805,287	33,324,072
City of Indianapolis, Waterworks Revenue Bonds, Series 2002A, maturing July 1, 2010 to January 1, 2014, with interest ranging from 4.25% to 5.50%. Partial refunding of \$377,635,000 from City of Indianapolis Waterworks Revenue Bonds Series 2005 G, representing amounts maturing July 1, 2025; partial refunding of \$ 82,365,000 from City of Indianapolis Waterworks Net Refunding Revenue Bonds Series 2006 A, representing amounts maturing January 1, 2022; and partial refunding of \$76,235,000 from City of Indianapolis Waterworks District Net Revenue Refunding Bonds Series 2007 B, representing amounts maturing January 1, 2025, with interest at 5.13%.	31,375,000	35,935,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2002, maturing January 10, 2010 to January 10, 2017, with interest ranging from 3.70% to 5.13%.	3,875,000	4,100,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2002 B Series, maturing January 1, 2010 to January 1, 2024, with an interest rate of 4%. All funds remain in trust with the State of Indiana until disbursement request are processed by the State.	32,704,432	34,315,432
City of Indianapolis Redevelopment District Annual Appropriation Revenue Bonds, Series 2002, maturing February 1, 2010 to 2012, with interest ranging from 3.60% to 3.85%.	1,320,000	1,760,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis Subordinate District Tax Increment Refunding Bonds Series 2002 A, with an interest rate based on a weekly prime rate index, as defined. The effective interest rate cannot exceed 10% per annum. Subject to a swap agreement. Refunded on September 2, 2009, by the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Bonds, Series 2009A and 2009B, representing amounts maturing February 1, 2020 and February 1, 2015, respectively.		128,455,000
City of Indianapolis Subordinate District Tax Increment Refunding Bonds Series 2002 B, maturing February 1, 2012 to February 1, 2029, with interest ranging from 3.9% to 5.0%.	29,365,000	29,365,000
City of Indianapolis Airport Authority Revenue Bonds, Series 2003 A, maturing January 1, 2010 to January 1, 2033, with interest ranging from 4.63% to 5.63%.	99,985,000	102,980,000
City of Indianapolis-Marion County Building Authority Arrestee Processing Center Lease Rental Revenue Bonds of 2003, maturing January 15, 2010 to January 15, 2023, with interest ranging from 3.5% to 5.0%.	9,740,000	10,255,000
City of Indianapolis, Park District Refunding Bonds, Series 2003 A, maturing January 1, 2010 to January 1, 2018, with interest ranging from 4.50% to 5.25%.	4,067,000	4,421,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2003 A, maturing January 1, 2010 to January 1, 2018, with interest ranging from 4.50% to 5.25%.	2,080,000	2,260,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2003A, maturing January 1, 2010 to January 1, 2018, with interest ranging from 4.50% to 5.25%.	7,290,000	7,923,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2003 A, maturing January 1, 2010 to January 1, 2018, with interest ranging from 4.50% to 5.25%.	9,567,000	10,399,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2003A, maturing January 1, 2010 to January 1, 2018, with interest ranging from 4.50% to 5.25%.	1,901,000	2,067,000
City of Indianapolis-Marion County Public Library General Obligation Refunding Bonds, Series 2003, with interest at 4.5%, matured on January 1, 2009.		275,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis IndyRoads Revenue Bonds, Series 2003, maturing January 1, 2010 to 2019, with interest ranging from 3.5% to 5.0%.	14,690,000	15,930,000
City of Indianapolis, Waterworks District Improvement, Series 2004, bearing interest at an auction rate, refunded on August 6, 2009 by the City of Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		50,000,000
City of Indianapolis, Circle Block Project, Series 2004 B, maturing April 1, 2010 to April 1, 2030, with an interest rate adjusted weekly. The Series 2004 B Bonds may be converted to a fixed rate.	9,900,000	9,900,000
City of Indianapolis, Circle Block Project, Series 2004 C, maturing April 1, 2010 to 2039, with interest ranging from 3.60% to 5.38%.	19,355,000	19,490,000
City of Indianapolis, Fall Creek Project, Series 2004 A, maturing February 1, 2010 to February 1, 2028, with interest ranging from 3.75% to 5.40%.	12,290,000	12,450,000
City of Indianapolis, Sanitary District Bonds, Series 2004 A, maturing January 1, 2010 to January 1, 2024, with an interest rate of 3.58%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	6,980,000	7,327,000
City of Indianapolis, Sanitary District Bonds, Series 2004 B, maturing January 1, 2010 to January 1, 2026, with an interest rate of 4.13%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	21,309,821	22,179,821
City of Indianapolis Airport Authority Revenue Bonds, Series 2004 A, maturing January 1, 2010 to 2034, with interest ranging from 4.75% to 5.25%.	209,085,000	212,460,000
City of Indianapolis, Sanitary District Bonds Series 2004 J, maturing January 1, 2010 to January 1, 2026, with an interest rate of 3.69%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	61,705,066	62,425,920
City of Indianapolis Simon Notes Series 2004 A, maturing February 1, 2017, with an interest rate indexed to LIBOR.	1,353,169	1,353,169

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis Simon Notes Series 2004 B, maturing February 1, 2010, to August 1, 2014, with an interest rate indexed to LIBOR.	6,825,000	9,185,000
City of Indianapolis Simon Notes Series 2004 C, maturing February 1, 2010 to August 1, 2014, with an interest rate Indexed to LIBOR.	17,600,000	17,600,000
City of Indianapolis, Pension Bonds of 2005, Series A maturing January 15, 2010 to January 15, 2022, with an interest rate ranging from 4.10% to 5.28%.	87,585,000	92,695,000
City of Indianapolis Airport Authority Revenue Bonds, Series 2005 A, maturing January 1, 2023 to 2033, with an interest rate ranging from 4.75% to 5.25%.	197,385,000	197,385,000
Health and Hospital Corporation of Marion County Series 2005, maturing January 1, 2010 to January 1, 2025, with an interest rate ranging from 4.00% to 5.25%.	25,005,000	25,770,000
City of Indianapolis Waterworks District Net Revenue Refunding Bonds, Series 2005 F, maturing July 1, 2010 to January 1, 2029, with an interest rate ranging from 3.5% to 5.0%.	70,115,000	70,210,000
City of Indianapolis Waterworks District Net Revenue Refunding Bonds, Series 2005 G, with interest at a variable weekly rate, subject to a swap agreement, refunded on August 6, 2009 by the City of Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		387,305,000
City of Indianapolis Waterworks District Net Revenue Bonds, Series 2005 H, with interest at a variable weekly rate, subject to a swap agreement, refunded on August 6, 2009 by the City of Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		47,810,000
City of Indianapolis, Sanitary District Bonds, Series 2005 A, maturing January 1, 2010 to 2027, with an interest rate of 2.9%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	75,204,299	66,628,248
City of Indianapolis Fall Creek Notes Series 2005 A, maturing August 10, 2010, with an interest rate of LIBOR plus 96 basis points.	3,195,928	3,184,787

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 B, maturing August 10, 2010, with an interest rate of LIBOR plus 95 basis points.	2,750,000	2,750,000
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 C, maturing August 1, 2010, with an interest rate of 3.85%.	2,426,101	2,426,101
City of Indianapolis, Waterworks District Net Refunding Revenue Bonds, Series 2006A, maturing January 1, 2016 to 2022, with an interest rate of 5.5%.	77,830,000	77,830,000
City of Indianapolis, Facilities Revenue Bonds, Series 2006, maturing January 15, 2010 to July 15, 2021, with interest ranging from 4% to 5%.	14,725,000	15,595,000
City of Indianapolis, Stormwater District Revenue Bonds, Series 2006 A, maturing January 1, 2010 to 2026, with interest ranging from 4% to 5%.	42,500,000	43,430,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 A, maturing January 1, 2010 to 2028, with an interest rate of 3.08%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	30,328,802	30,634,949
Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2010 to 2037, with interest ranging from 4.00% to 5.25%.	345,830,000	346,425,000
Indianapolis Airport Authority Taxable Airport Revenue Bonds, Series 2006 B, maturing January 1, 2010 to 2013, with a fixed interest rate ranging from 5.46% to 5.59%.	35,250,000	39,115,000
City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, maturing February 1, 2010 to 2026, with a fixed interest rate ranging from 4% to 5%.	10,480,000	10,905,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 B, maturing January 1, 2010 to 2028, with an interest rate of 2.9%.	23,786,011	16,120,925
City of Indianapolis, Redevelopment District Notes, Series 2006 C, maturing December 22, 2011, with an interest rate of 3.28% at December 31, 2009.	3,554,378	2,527,581
Marion County Family & Children Fund Series 2006, with interest at 4.5%, matured January 15, 2009.		33,360,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
2006 City Vehicle Lease, maturing November 3, 2011, with interest at 3.94%.	3,209,025	4,759,986
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 A, maturing January 1, 2010 to January 1, 2027, with interest ranging from 3% to 5%.	32,060,000	33,160,000
City of Indianapolis, Waterworks District Net Revenue Refunding Bonds, Series 2007 B, maturing January 1, 2022 to 2025, with an interest rate of 5.25%.	70,410,000	70,410,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 C, maturing June 1, 2010 to 2035, with an interest rate of 5.90%.	73,430,000	74,050,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2007 A, maturing January 1, 2010 to 2018, with an interest rate of 5%.	5,660,000	5,660,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2007 A, maturing January 1, 2010 to 2018, with an interest rate of 5%.	21,770,000	21,770,000
City of Indianapolis, Park District Refunding Bonds, Series 2007 A, maturing January 1, 2010 to 2018, with an interest rate of 5%.	12,160,000	12,160,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2007 C, maturing January 1, 2010 to 2018, with an interest rate of 5%.	28,570,000	28,570,000
City of Indianapolis, Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A, maturing February 1, 2010 to February 1, 2021, with interest ranging from 4.00% to 4.13%.	8,435,000	9,000,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 E, maturing January 1, 2010 to 2027, with an interest Rate of 4.4%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	25,615,833	2,971,857
City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing February 1, 2010 to 2027, with interest ranging 5.64% to 6.21%.	5,250,000	5,250,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis, Sanitary District Net Revenue Refunding Bonds, Series 2007 I, maturing January 1, 2010 to 2021, with interest ranging from 4.00% to 4.75%.	7,300,000	7,365,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2010 to 2023, with an interest rate of 6.2%.	5,005,000	5,200,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2007A, maturing January 1, 2026 to 2027, with an interest rate of 4.75%.	1,500,000	1,500,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2007B, maturing January 1, 2010 to 2038, with interest ranging 3.75% to 5.25%.	103,860,000	104,500,000
Facilities Revenue Bonds of 2007, maturing January 15, 2010 to July 15, 2021, with interest ranging 3.75% to 4.13%.	3,240,000	3,450,000
Lighthouse Academies Inc. of Indiana, Charter Schools Financing Notes of 2007, dated March 30, 2007, maturing January 1, 2010 to March 30, 2014, with an interest rate of 4.47%.	3,425,811	3,520,681
City of Indianapolis, Redevelopment Notes of 2007 (Ertel), dated August 30, 2007, maturing September 25, 2012, with an interest rate of 1.56%.	4,332,751	4,142,396
County Option Income Tax Revenue Anticipation Notes, Series 2007 B, dated December 20, 2007, with an interest rate of 4%, matured on January 12, 2009.		25,000,000
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate of 3.79%.	454,836	686,296
Series 2007 B Tax Revenue Note, dated June 1, 2007, maturing November 10, 2011, with an interest rate of 3.59%.	740,668	1,094,887
City of Indianapolis, Redevelopment District Bonds, Series 2008 A, maturing August 1, 2011 to February 1, 2038, with interest ranging from 3.25% to 5.00%.	59,450,000	59,450,000
City of Indianapolis, MECA General Obligation Bonds, Series 2008 B, maturing January 15, 2010 to 2024, with interest ranging from 2.35% to 5.60%.	39,150,000	40,000,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2009	2008
City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2008 C, maturing January 1, 2012 to 2037, bearing interest at average rate, subject to swap agreement.	350,000,000	350,000,000
Series 2008 C-E dated November 26, 2008, with interest at 2.2%, matured on June 1, 2009.		125,952,243
Indianapolis Public Transportation Corporation Notes of 2008, dated December 18, 2008, maturing December 18, 2013, with an interest rate adjusted annually, not to exceed the LIBOR rate plus 125 basis points, as defined.	5,000,000	
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2038, with interest ranging from 3% to 5%.	563,780,000	
City of Indianapolis, Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009 A, maturing February 1, 2015 to 2020, with interest rate at 5%.	145,780,000	
City of Indianapolis, Redevelopment District Subordinate Taxable Tax Increment Revenue Bonds, Series 2009 B, maturing February 1, 2011 to 2015, with interest ranging from 1.79% to 3.80%.	20,320,000	
Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2009, maturing February 1, 2010 to 2026, with interest ranging from 2.5% to 5.0%.	10,830,000	
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2030, with an interest Rate of 2.58%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	6,605,847	
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, maturing January 1, 2010 to 2015, with interest ranging from 3.0% to 4.0%.	2,865,000	
City of Indianapolis, Redevelopment District Revenue Bonds, Series 2009 A, maturing January 1, 2010 to 2015, with interest ranging from 3.0% to 4.0%.	1,480,000	
City of Indianapolis, Flood Control District Revenue Bonds, Series 2009 A, maturing January 1, 2010 to 2015, with interest ranging from 3.0% to 4.0%.	1,005,000	

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 1992 D Bonds, maturing February 1, 2010 to 2014, with interest at 6.75%. During 1998, defeased \$55,000,000 of amounts maturing February 1, 2022; during 1999, defeased \$2,000,000 of amounts maturing February 1, 2012, 2013 and 2014; and during 2002, defeased \$125,335,000 of amounts maturing February 1, 2015 to 2020.	66,920,000	76,230,000
Series 1993 A Bonds, maturing January 10, 2010 to 2013, with yields on capital appreciation bonds ranging from 6.15% to 6.30%. During 1998, defeased \$148,615,000 of current interest bonds maturing January 10, 2006 through 2018. During 2003, defeased \$39,300,000 of interest bonds maturing January 10, 2004 through 2018.	25,460,000	31,830,000
Series 1995 A Refunding Bonds, maturing January 1, 2010 to 2013, with interest ranging from 5.13% to 6.5%. The carrying value of the debt represents the \$31,045,000 and \$39,970,000 of the Series 1995 A Refunding Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized loss on defeasance of \$1,025,412 and \$1,685,185 at December 31, 2009 and 2008, respectively. During 2004, \$50,035,000 was refunded using the proceeds of Series 2004 F Bonds.	30,019,588	38,284,815
Series 1995 B Bonds, with interest ranging from 5.00% to 5.25%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Bonds, Series 2009F, representing amounts maturing January 1, 2017.		6,415,000
Series 1997 A Bonds, with interest ranging from 7.2% to 7.5%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Bonds, Series 2009F, representing amounts maturing January 1, 2017.		6,710,000
Series 1998 A Refunding Bonds, maturing February 1, 2010 to 2013, with interest ranging from 5.25% to 6.00%. The carrying value of the debt represents the \$43,240,000 and \$52,655,000 of the Series 1998 A Refunding Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized loss on defeasance of \$454,523 and \$744,186 at December 31, 2009 and 2008, respectively.	42,785,477	51,910,814
Series 1998 B Refunding Bonds, with interest ranging from 6.75% to 6.80%, paid off ahead of schedule on January 15, 2009.		1,125,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 1998 E Bonds, maturing January 1, 2010 to 2019. No interest charged through December 30, 1999, and thereafter at 3.5%. Aggregate principal amount limited to \$23,000,000.	13,955,000	15,105,000
Series 1999 B Bonds, maturing June 1, 2010 to 2021, with interest on current interest bonds ranging from 4.63% to 5.00%.	23,190,000	24,570,000
Series 1999 C Refunding Bonds, with interest ranging from 4.5% to 5.0%, refunded on August 19, 2009, by the City of Indianapolis Net Revenue Bonds, Series 2009F, representing amounts maturing January 1, 2017.		9,020,000
Series 1999 D Bonds, maturing January 1, 2010, with interest at 5.2%.	2,200,000	4,295,000
Series 1999 E Refunding Bonds, maturing February 1, 2010 to 2029, with interest on current interest bonds ranging from 4.9% to 5.0%; yields on capital appreciation bonds ranging from 5.65% to 5.82%. During 2002, defeased \$27,000,000 of amounts maturing February 1, 2029.	243,595,000	245,335,000
Series 2000 B Bonds, maturing January 1, 2010 to 2021, no interest charged through June 30, 2002, and 3.5% thereafter to maturity. Aggregate principal amount limited to \$32,000,000.	20,310,370	21,151,269
Series 2000 C Bonds, maturing January 1, 2010, with an interest rate at 5.0%.	440,000	860,000
Series 2001 A Bonds, maturing January 1, 2010 to July 1, 2010, with interest ranging from 5.0% to 5.5%.	4,595,000	8,965,000
Series 2001 C Bonds, maturing February 1, 2010 to 2020, with interest ranging from 4.90% to 5.25%. The carrying value of the debt represents the \$21,590,000 and \$21,705,000 of the Series 2001 C Refunding Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized loss on defeasance of \$408,164 and \$603,621 at December 31, 2009 and 2008, respectively.	21,181,836	21,101,379
Series 2001 D Bonds, maturing January 1, 2010 to July 1, 2011, with an interest rate of 5.0%.	3,185,000	4,665,000
Series 2001 E Bonds, maturing January 1, 2010 to 2023, with an interest rate of 4.0%.	31,805,287	33,324,072

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2002 A Bonds, maturing January 1, 2010 to 2014, with interest ranging from 4.25% to 5.50% during 2007, Series 2006A refunded \$82,365,000 of interest bonds maturing July 1, 2025 through 2035. The carrying value of the debt represents the \$31,375,000 and \$35,935,000 of the Series 2002 A Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized gain on defeasance of \$85,695 and \$158,184 at December 31, 2009 and 2008, respectively.	31,460,695	36,093,184
Series 2002 C Bonds, maturing January 10, 2010 to 2017, with interest ranging from 3.70% to 5.13%.	3,875,000	4,100,000
Series 2002 D Bonds, maturing January 1, 2010 to 2024, with an interest rate of 4.0%.	32,704,432	34,315,432
Series 2002 E Bonds, maturing February 1, 2010 to 2012, with interest ranging from 3.60% to 3.85%.	1,320,000	1,760,000
Series 2002 F Bonds, interest rate at issuance is based on a weekly prime rate index, as defined. However, the effective interest rate cannot exceed 10% per annum. Subject to a swap agreement (see Notes 6 and 7). Refunded on September 2, 2009, by the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Bonds, Series 2009B and 2009C, representing amounts maturing February 1, 2020 and February 1, 2015, respectively.		128,455,000
Series 2002 G Bonds, maturing February 1, 2012 to 2029, with interest ranging from 3.9% to 5.0%.	29,365,000	29,365,000
Series 2003 A Bonds, maturing January 1, 2010 to 2033, with interest ranging from 4.63% to 5.63%.	99,985,000	102,980,000
Series 2003 B Bonds, maturing January 15, 2010 to 2023, with interest ranging from 3.5% to 5.0%.	9,740,000	10,255,000
Series 2003 D Bonds, maturing January 10, 2010 to 2018, with interest ranging from 4.50% to 5.25%. The carrying value of the debt represents the \$24,905,000 and \$27,345,000 of the Series 2003 D Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized loss on defeasance of \$87,051 and \$119,642 at December 31, 2009 and 2008, respectively.	24,817,949	27,225,358
Series 2003 E Bonds, maturing January 1, 2010 to 2019, with interest ranging from 3.5% to 5.0%.	14,690,000	15,930,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2004 A Bonds, bearing interest at an auction rate, refunded on August 6, 2009, by the City of Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		50,000,000
Series 2004 B Bonds, maturing April 1, 2010 to 2030, with an interest rate adjusted weekly (see Note 7).	9,900,000	9,900,000
Series 2004 C Bonds, maturing April 1, 2010 to 2039, with interest ranging from 3.60% to 5.38%.	19,355,000	19,490,000
Series 2004 E Bonds, maturing February 1, 2010 to 2028, with interest ranging from 3.75% to 5.40%.	12,290,000	12,450,000
Series 2004 G Bonds, maturing January 1, 2010 to 2024. No interest charged through December 31, 2004, and thereafter at 3.58%. Aggregate principal amount limited to \$8,600,000.	6,980,000	7,327,000
Series 2004 H Bonds, maturing January 1, 2010 to 2026. No interest charged through December 31, 2005, and thereafter at 4.13%. Aggregate principal amount limited to \$25,000,000.	21,309,821	22,179,821
Series 2004 I Bonds, maturing January 1, 2010 to 2034, with interest ranging from 4.75% to 5.25%.	209,085,000	212,460,000
Series 2004 J Bonds, maturing January 1, 2010 to 2026, with an interest rate of 3.69%.	61,705,066	62,425,920
Series 2005 A Bonds, maturing January 15, 2010 to 2022, with interest ranging from 4.10% to 5.28%.	87,585,000	92,695,000
Series 2005 B Bonds, maturing January 1, 2023 to 2033, with interest ranging from 4.75% to 5.25%.	197,385,000	197,385,000
Series 2005 D Bonds, maturing January 1, 2010 to 2025, with interest ranging from 4.00% to 5.25%.	25,005,000	25,770,000
Series 2005 E Bonds, maturing January 1, 2010 to 2017, with interest ranging from 4% to 5%.	50,170,000	50,220,000
Series 2005 F Bonds, maturing January 1, 2010 to 2029, with interest ranging from 3.5% to 5.0%. The carrying value of the debt represents \$70,115,000 and \$70,210,000 of the Series 2005 F Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized gain on defeasance of \$679,686 and \$991,764 at December 31, 2009 and 2008, respectively.	70,794,686	71,201,764

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2005 G Bonds, bearing interest at a weekly rate, subject to a swap agreement (see Notes 6 and 7), refunded on August 6, 2009, by the City Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		387,305,000
Series 2005 H Bonds, bearing interest at a weekly rate, subject to a swap agreement (see Notes 6 and 7), refunded on August 6, 2009, by the City Indianapolis Waterworks District Net Revenue Bonds, Series 2009A, representing amounts maturing January 1, 2038.		47,810,000
Series 2005 I Bonds, maturing January 1, 2010 to 2027, with an interest rate at 2.9%.	75,204,299	66,628,248
Series 2006 A Bonds, maturing January 1, 2016 to 2022, with an interest rate at 5.5%.	77,830,000	77,830,000
Series 2006 B Bonds, maturing January 15, 2010 to July 15, 2021, with interest ranging from 4% to 5%.	14,725,000	15,595,000
Series 2006 D Bonds, maturing January 1, 2010 to 2026, with interest ranging from 4% to 5%.	42,500,000	43,430,000
Series 2006 E Bonds, maturing January 1, 2010 to 2028, with an interest rate of 3.08%.	30,328,802	30,634,949
Series 2006 F Bonds, maturing January 1, 2010 to 2037, with interest ranging from 4.00% to 5.25%.	345,830,000	346,425,000
Series 2006 G Bonds, maturing January 1, 2010 to 2013, with interest ranging from 5.46% to 5.59%.	35,250,000	39,115,000
Series 2006 H Bonds, maturing February 1, 2010 to 2026, with interest ranging from 4% to 5%.	10,480,000	10,905,000
Series 2006 I Bonds, maturing January 1, 2010 to 2028, with an interest rate of 2.9%.	33,355,000	34,750,000
Series 2007 A Bonds, maturing January 1, 2010 to 2027, with interest ranging from 3% to 5%.	32,060,000	33,160,000
Series 2007 B Bonds, maturing January 1, 2022 to 2025, with an interest rate of 5.25%. The carrying value of the debt represents \$70,410,000 and \$70,410,000 of the Series 2005 F Bonds outstanding at December 31, 2009 and 2008, net of unamortized gain on defeasance of \$147,925 and \$166,865 at December 31, 2009 and 2008, respectively.	70,557,925	70,576,865

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2010 to 2035, with an interest rate of 5.9%.	73,430,000	74,050,000
Series 2007 D, Refunding Bonds, maturing February 1, 2014 to 2018, with an interest rate of 5%.	68,160,000	68,160,000
Series 2007 E, Refunding Bonds, maturing February 1, 2009 to 2021, with interest ranging from 4.00% to 4.13%. The carrying value of the debt represents \$8,435,000 and \$9,000,000 of the Series 2005 F Bonds outstanding at December 31, 2009 and 2008, respectively, net of unamortized gain on defeasance of \$5,955 and \$7,053 at December 31, 2009 and 2008, respectively.	8,440,955	9,007,053
Series 2007 F Bonds, maturing January 1, 2010 to 2027, with an interest rate of 4.4%.	77,699,500	80,557,000
Glendale Mall Taxable Bonds, 2007G, maturing February 1, 2010 to 2027, with interest ranging from 5.64% to 6.21%.	5,250,000	5,250,000
Series 2007 I, Refunding Bonds, maturing January 1, 2010 to 2021, with interest ranging from 4.0% to 4.75%. The carrying value of the debt represents \$7,300,000 and \$7,365,000 of the Series 2005 F Bonds outstanding at December 31, 2009 and 2008, net of unamortized gain on defeasance of \$272 and \$322 at December 31, 2009 and 2008, respectively.	7,300,272	7,365,322
Series 2007 K Bonds, maturing February 1, 2010 to 2023, with an interest rate of 6.2%.	5,005,000	5,200,000
Series 2007 L Bonds, maturing July 1, 2010 to January 1, 2038, with interest ranging from 3.75% to 5.25%.	105,360,000	106,000,000
Series 2007 M Bonds, maturing January 15, 2010 to July 15, 2021, with interest ranging from 3.75% to 4.13%.	3,240,000	3,450,000
Series 2008 A Bonds, maturing August 1, 2011 to February 1, 2038, with interest ranging from 3.25% to 5.00%.	59,450,000	59,450,000
Series 2008 B Bonds, maturing January 15, 2010 to 2024, with interest ranging from 2.35% to 5.60%.	39,150,000	40,000,000
Series 2008 C Bonds, maturing January 1, 2012 to 2037, bearing interest at a weekly rate, subject to swap agreements (see Notes 6 and 7).	350,000,000	350,000,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2009 A Bonds, maturing January 1, 2010 to 2038, with interest ranging from 3% to 5%.	563,780,000	
Series 2009 B Bonds, maturing February 1, 2015 to 2020, with interest rate at 5%.	145,780,000	
Series 2009 C Bonds, maturing February 1, 2011 to 2015, with interest ranging from 1.79% to 3.80%.	20,320,000	
Series 2009 D Bonds, maturing February 1, 2010 to 2026, with interest ranging from 2.5% to 5.0%.	10,830,000	
Series 2009 E Bonds, maturing January 1, 2011 to 2030, with an interest rate at 2.58%.	32,050,000	
Series 2009 F Bonds, maturing February 1, 2010 to 2017, with interest ranging from 1.75% to 5.03%.	<u>19,420,000</u>	
	3,957,141,960	3,887,190,265
Plus: Deferred charges	<u>1,055,617</u>	<u>1,828,446</u>
	3,958,197,577	3,889,018,711
Less: Unamortized discount/premium	<u>(78,385,869)</u>	<u>(90,117,848)</u>
	3,879,811,708	3,798,900,863
Less: Current Portion of Bonds of Payable	<u>(112,063,250)</u>	<u>(229,010,574)</u>
Long-term Portion of Bonds Payable	<u>\$3,767,748,458</u>	<u>\$3,569,890,289</u>

All of the bonds issues listed above are either serial or serial and term maturities.

The Bond Bank's notes payable at December 31, 2009 and 2008, are summarized as follows:

	2009	2008
Series 2004 A–C, dated October 28, 2004, maturing February 1, 2010 to 2017, with interest at LIBOR.	\$ 25,778,169	\$ 28,138,169
Series 2005 A, dated August 1, 2005, maturing August 10, 2010, with interest at LIBOR plus 96 basis points.	3,195,928	3,184,787
Series 2005 B, dated August 1, 2005, maturing August 10, 2010, with interest at LIBOR plus 95 basis points.	2,750,000	2,750,000
Series 2005 C (Brokenburr), dated September 9, 2005, maturing August 1, 2010, with interest at 3.85%.	2,500,000	2,500,000
Series 2006 C Limited Obligation Notes, dated December 22, 2006, maturing December 22, 2011, with interest at 3.28% at December 31, 2009.	5,000,000	5,000,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2009	2008
Series 2006 Marion County Family and Children Fund, dated August 23, 2006, with interest at 4.5%, matured January 15, 2009.		33,360,000
2006 City Vehicle Lease, dated November 10, 2006, maturing November 3, 2011, with interest at 3.94%.	3,209,025	4,759,986
Series 2007 A Notes, dated March 30, 2007, maturing January 1, 2010 to March 30, 2014, with an interest rate of 4.47%.	3,425,810	3,520,681
Series 2007 D Notes, dated August 30, 2007, maturing September 25, 2012, with an interest rate of 1.56%.	4,332,751	4,142,396
Series 2007 F Limited Recourse Notes, dated December 20, 2007, maturing January 12, 2009, with an interest rate of 4%.		25,000,000
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate of 3.79%.	454,836	686,296
Series 2007 B Tax Revenue Note, dated June 1, 2007, maturing November 10, 2011, with interest at 3.59%.	740,668	1,094,887
Series 2007 J-M, dated December 28, 2007, with interest at 2.9%, matured at January 8, 2009.		177,075,000
Series 2008 C-E dated November 26, 2008, with interest at 1.15%, matured on June 1, 2009.		126,150,000
Indianapolis Public Transportation Corporation Notes of 2008, dated December 18, 2008, maturing December 18, 2013, with an interest rate adjusted annually, not to exceed the LIBOR rate plus 125 basis points, as defined.	5,000,000	
Series 2009 A-D dated March 4, 2009, maturing on January 15, 2010, with interest at 0.78%.	131,625,000	
Series 2009 E-H dated May 20, 2009, maturing on March 31, 2010, with interest at 0.80%.	109,450,000	
Series 2009 I-J dated December 18, 2009, maturing on April 7, 2010, with interest at 0.27%.	24,950,000	
Series 2010 A-D dated December 18, 2009, maturing on August 6, 2010, with interest at 0.37%.	<u>86,900,000</u>	
	409,312,187	<u>417,362,202</u>
Less: Current Portion of Notes Payable	<u>(366,639,846)</u>	<u>(370,319,073)</u>
Long-term Portion of Notes Payable	<u>\$ 42,672,341</u>	<u>\$ 47,043,129</u>

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

The faith, credit and taxing power of the City of Indianapolis or any political subdivision thereof are not pledged to the payment of principal and interest on these obligations. However, certain series of Bond Bank bonds were fully insured at December 31, 2009 and 2008, by private insurance policies.

The Tax Anticipation Warrant Notes are separately secured and payable solely from a trust estate attributable to that series of notes. The trust estate includes investments pledged under respective note indentures such as the secured investment agreements (refer to Note 2). The note indentures also require maintenance of various accounts and provide for the trustee to invest funds according to guidelines established by the note indentures.

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2009, are summarized as follows:

Payable In	Principal	Interest	Debt Service
2010	\$ 478,703,096	\$ 174,978,339	\$ 653,681,435
2011	142,478,945	186,782,148	329,261,093
2012	151,888,825	180,323,036	332,211,861
2013	158,865,617	173,580,478	332,446,095
2014	162,098,784	166,441,177	328,539,961
2015-2019	802,127,419	719,654,819	1,521,782,238
2020-2024	755,700,339	547,190,032	1,302,890,371
2025-2029	694,902,738	407,432,659	1,102,335,397
2030-2034	606,649,000	266,899,758	873,548,758
2035-2039	414,095,000	82,101,355	496,196,355
2040-2044			
	<u>4,367,509,763</u>	<u>2,905,383,801</u>	<u>7,272,893,564</u>
Less: Unamortized discount on bonds	<u>(78,385,869)</u>		<u>(78,385,869)</u>
	<u>\$4,289,123,894</u>	<u>\$2,905,383,801</u>	<u>\$7,194,507,695</u>

NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to \$552,385,000 as of December 31, 2009 and \$563,145,000 as of December 31, 2008.

NOTE 6 - SWAP AGREEMENTS

Objective of the Swaps: In order to protect against the potential of rising interest rates, the Bond Bank entered into two separate pay-fixed, receive-variable interest rate swaps.

Terms, Fair Values, and Credit Risk: The terms, including, the fair values and credit ratings of the outstanding swaps as of December 31, 2009, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The Bond Bank's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds and notes payable" category.

<i>Associated Bond/Note Issue</i>	<i>Notional Amounts</i>	<i>Effective Date</i>	<i>Fixed Rate Paid</i>	<i>Floating Rate Option</i>	<i>Fair Values</i>	<i>Swap Termination Date</i>	<i>Counterparty Credit Rating S&P/Moody's/ Fitch</i>
2004 C – Redevelopment District	\$ 14,600,000	4/23/2003	4.270%	100% of USD- LIBOR-BBA	\$ (900,163)	2/1/2013	A-/A2/A-
2005 B – Indianapolis Airport Authority	<u>50,000,000</u>	7/1/2008	3.786%	75% of USD- LIBOR-BBA	<u>(3,845,901)</u>	1/1/2033	A/A2
Total	<u>\$ 64,600,000</u>				<u>\$ (4,746,064)</u>		

Fair Value: Because interest rates declined, all swaps had a negative fair value as of December 31, 2009. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the Bond Bank's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases.

Credit Risk: As of December 31, 2009, the Bond Bank was not exposed to credit risk because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the Bond Bank would be exposed to credit risk in the amount of the derivatives' fair value.

Although the Bond Bank executes swap transactions with various counterparties, one swap, approximating 77% of the notional amount of swaps outstanding, is held by one counterparty. That counterparty is rated A/A2.

Basis Risk: The Bond Bank is exposed to basis risk on the swaps when the variable payment received is based on an index other than SIFMA. As of December 31, 2009, the SIFMA rate was 0.25%, whereas 1 month LIBOR was 0.23% and 5 year LIBOR was 2.98%.

NOTE 6 - SWAP AGREEMENTS (CONTINUED)

Termination Risk: The Bond Bank or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any of the swaps is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the swap has a negative fair value, the Bond Bank would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk: The Bond Bank is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, the Bond Bank will not realize the synthetic rate offered by the swaps on the underlying debt issues. The 2008 Series C and 2004 C (Notes) are exposed to termination risk since the swap termination date precedes the debt maturity date.

Swap Payments and Associated Debt: As of December 31, 2009, debt service requirements of the Bond Bank's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Swaps, Net</u>	<u>Total</u>
2010	\$ 2,950,000	\$ 776,616	\$ 3,076,836	\$ 6,803,452
2011	3,600,000	1,029,665	3,075,420	7,705,085
2012	3,900,000	783,902	3,075,420	7,759,322
2013	4,150,000	517,420	2,775,410	7,442,830
2014	3,000,000	379,547	2,475,400	5,854,947
2015-2019		909,195	12,377,000	13,286,195
2020-2024	3,558,028	909,195	12,377,000	16,844,223
2025-2029	20,564,466	896,925	12,209,968	33,671,359
2030-2034	<u>25,877,506</u>	<u>506,022</u>	<u>6,888,554</u>	<u>33,272,082</u>
Total	<u>\$ 67,600,000</u>	<u>\$ 6,708,487</u>	<u>\$ 58,331,008</u>	<u>\$ 132,639,495</u>

NOTE 7 - VARIABLE RATE DEMAND BONDS

Included in bonds payable was \$128,455,000 of Series 2002 F-1 and F-2 variable rate demand bonds that were to mature serially at various dates from February 1, 2009 to February 1, 2020. The bonds were payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds was included in the bond redemption schedule.

The bonds were subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agents. The remarketing agents were authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

NOTE 7 - VARIABLE RATE DEMAND BONDS

The Bond Bank had entered into a Standby Purchase Agreement (SBPA) with JP Morgan Chase Bank, National Association (JP Morgan) to buy any bonds that were “put” back by the remarketing agents. Once these bonds were purchased by the SBPA provider, they were called “Bank Bonds.” If the bonds were Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds converted to an installment loan payable over a five-year period bearing an adjustable interest rate at the bank’s rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Prime Rate (b) from and including the ninety-first day immediately following the related Bank Purchase Date and thereafter, the Prime Rate plus 1% and (c) commencing on the one hundred and eighty-first day immediately following the Bank Purchase Date and thereafter, the Prime Rate plus 2%.

Effective January 1, 2009, the SBPA with JP Morgan was amended and the terms of the SBPA under the new agreement were as follows. Bank Bonds would bear interest at a rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter the Base Rate from time to time in effect plus 1%, (b) commencing on the ninety-first day immediately following the Bank Purchase Date and thereafter, the Base Rate plus 2% and (c) commencing on the Tender Bank Purchase Period and thereafter the Base Rate plus 3%. Base Rate meant, for any day a fluctuating rate per annum equal to the higher of (i) the Prime Rate, (ii) the three month LIBOR Index Rate plus 2.5% and (iii) 5%.

The SBPA expired on June 30, 2009. As a result, the entire principal amount of the Series 2002 F-1 and F-2 bonds was classified as a current liability at December 31, 2008.

If the SBPA were to be exercised because any portion of demand bonds were “put” and not resold, the bonds were to be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds were paid in full within five years.

The Bond Bank was required to pay an annual fee of 25 basis points of the outstanding principal amount of the bonds to the SBPA provider. Under the amended SBPA, the Bond Bank was required to pay an annual fee of 150 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agents received an annual fee based on the outstanding principal amount of the bonds.

On September 2, 2009, the remaining principal balance of Series 2002 F-1 and F-2 variable rate demand bonds, \$128,210,000, was refunded by both the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009B and the City of Indianapolis Redevelopment District Subordinate Taxable Tax Increment Revenue Bonds, Series 2009C.

Included in bonds payable was \$387,305,000 of Series 2005 G-1, G-2, and G-3 variable rate demand bonds maturing serially at various dates from January 1, 2009 to January 1, 2035. The bonds were payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds was included in the bond redemption schedule.

The bonds were subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank’s remarketing agents, JP Morgan and Loop Capital Markets, LLC (Loop Capital). The remarketing agents were authorized to use their best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

The Bond Bank had entered into a SBPA with Depfa Bank plc (Depfa) to buy any bonds that were “put” back by the remarketing agents. If the bonds were Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds converted to an installment loan payable over a ten-year period bearing an adjustable interest rate equal to the bank’s rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Base Rate from time to time in effect and (b) for the period from and including the date which is the ninety-first day immediately following the related Bank Purchase Date and thereafter, the sum of the Base Rate from time to time in effect plus 1.5%. Base Rate meant, for any day, a rate per annum equal to the higher of (i) the Fed Funds Rate plus 0.50% per annum, and (ii) the Prime Rate. The SBPA was to expire on December 7, 2017.

If the SBPA were to be exercised because any portion of demand bonds were “put” and not resold, the bonds were to be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds were paid in full within ten years.

The Bond Bank was required to pay an annual fee of 13 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agents received an annual fee based on the outstanding principal amount of the bonds.

On August 6, 2009, the remaining principal balance of Series 2005 G-1, G-2, and G-3 variable rate demand bonds, \$385,675,000, was refunded by the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009A.

Included in long-term debt was \$47,810,000 of Series 2005H variable rate demand bonds maturing between July 1, 2036 and January 1, 2037. The bonds were payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds was included in the bond redemption schedule.

The bonds were subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank’s remarketing agents, JP Morgan. The remarketing agents were authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank had entered into a SBPA with Depfa to buy any bonds that were “put” back by the remarketing agents. If the bonds were Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds converted to an installment loan payable over a ten-year period bearing an adjustable interest rate equal to the bank’s rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the ninetieth day thereafter, the Base Rate from time to time in effect and (b) for the period from and including the date which is the ninety-first day immediately following the related Bank Purchase Date and thereafter, the sum of the Base Rate from time to time in effect plus 1.5%. Base Rate meant, for any day, a rate per annum equal to the higher of (i) the Fed Funds Rate plus 0.50% per annum, and (ii) the Prime Rate. The SBPA was to expire on December 7, 2017.

If the SBPA were to be exercised because any portion of demand bonds were “put” and not resold, the bonds were to be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds were paid in full within ten years.

The Bond Bank was required to pay an annual fee of 58 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agents received an annual fee based on the outstanding principal amount of the bonds.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

On August 6, 2009, the remaining principal balance of Series 2005H variable rate demand bonds, \$47,810,000, was refunded by the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009A.

Included in long-term debt is \$350,000,000 of Series 2008C variable rate demand bonds maturing serially at various dates from January 1, 2012 and January 1, 2037. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agents, JP Morgan, Goldman Sachs & Co, Banc of America Securities, LLC, City Securities Corporation and Morgan Stanley. The remarketing agents are authorized to use their best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

The Bond Bank has entered into a SBPA with Dexia Credit Local to buy any bonds that are "put" back by the remarketing agents. If the bonds are Bank Bonds for a period of 180 days from the purchase date, the Bank Bonds convert to an installment loan payable over a seven-year period bearing an adjustable interest rate equal to the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the sixtieth day thereafter, the greater of (i) the Base Rate from time to time in effect and (ii) the maximum bond interest rate, (b) for the period from and including the date which is the sixty-first day immediately following the related Bank Purchase Date to and including the one hundred and eighth day, the Base Rate from time to time in effect plus 1.0%, and (c) from the one hundred and eighty-first day immediately following the Bank Purchase Date and thereafter, the Base Rate from time to time in effect plus 2%. Base Rate means, for any day, a rate per annum equal to the higher of (a) the Fed Funds Rate plus 0.50% per annum, and (b) the Prime Rate. The SBPA expires on June 25, 2011.

If the SBPA were to be exercised because any portion of demand bonds were "put" and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds were paid in full within seven years.

The Bond Bank is required to pay an annual fee to the SBPA provider. This fee is based on the outstanding principal amount of the bonds and credit rating of the bond insurer. The remarketing agents also receive a fee based on the outstanding principal amount of the bonds.

Included in bonds payable is \$9,900,000 of Series 2004B variable rate demand bonds maturing serially at various dates from April 1, 2010 to April 1, 2030. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the Bond Bank's remarketing agent, NatCity Investments, Inc. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate.

NOTE 7 - VARIABLE RATE DEMAND BONDS (CONTINUED)

The Bond Bank has entered into a SBPA with U.S. Bank National Association to buy any bonds that are “put” back by the remarketing agent. If the bonds are Bank Bonds for a period of 6 months from the purchase date, the Bank Bonds convert to an installment loan payable over a five-year period bearing an adjustable interest rate equal to the bank’s rate as follows, (a) for the first ninety days after the Bank Purchase Date, such series will bear interest rate per annum equal to the Prime Rate, (b) commencing on the ninety-first day immediately following the Bank Purchase Date the series will bear interest rate per annum equal to the Prime Rate plus 1%, and (c) commencing on the one hundred and eighty-first day immediately following the Bank Purchase Date a rate per annum equal to the Prime Rate plus 2%. The SBPA expires on July 1, 2012.

If the SBPA were to be exercised because any portion of demand bonds were “put” and not resold, the bonds shall be subject to mandatory redemption in equal semi-annual principal installments plus interest, so that such bonds were paid in full within five years.

The Bond Bank is required to pay an annual fee of 10 basis points of the outstanding principal amount of the bonds to the SBPA provider. In addition, the remarketing agent receives an annual fee based on the outstanding principal amount of the bonds.

As of December 31, 2009 there were no bonds held as Bank Bonds.

NOTE 8 - AUCTION RATE CERTIFICATES

Bonds payable at December 31, 2008, included \$50,000,000 of tax-exempt Auction Rate Certificates (“ARCs”). The ARCs were to mature between July 1, 2035 and January 1, 2036. Interest on the ARCs ranged from 3.25% to 9.3% during 2008, and was payable either at each auction, which occurred every 35 days as stipulated in the related ARC agreement, or semiannually. The interest rates were reset via a “dutch auction.” Since March 2008, the auction process to establish these rates failed; thus, the ARCs generally paid interest to the holder at a maximum rate as defined by the indenture.

On August 6, 2009, the remaining principal balance of tax-exempt Auction Rate Certificates, \$50,000,000, was refunded by the City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009A.

NOTE 9 - EMPLOYEE BENEFITS

The Bond Bank contributes to the Public Employees' Retirement Fund (PERF) of the State of Indiana, a multiple-employer public employee retirement system which acts as a common investment and administrative agent for State of Indiana employees and employees of the various subdivisions and instrumentalities of the State of Indiana. All employees of the Bond Bank may participate in this plan.

The Bond Bank's contributions to the Plan were \$59,226 in 2009 and \$44,730 in 2008. Separate information concerning the accumulated benefit obligations and actuarially determined benefit obligation is not material to the financial position of the Bond Bank and, accordingly, is not presented.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Bond Bank has loans to qualified entities, all of whom are located in Marion County, Indiana.

NOTE 11 - SUBSEQUENT EVENTS

In February 2010, the Bond Bank issued Series 2010A Bonds in the amount of \$195,000,000 to purchase the 2010 A Qualified Obligations to be issued by The Health and Hospital Corporation of Marion County, Indiana, the proceeds of which will be used to fund construction development of the Wishard Hospital Project. The bonds bear interest that varies between 3% and 6%, and mature January 15, 2040.

In February 2010, the Bond Bank issued Series 2010B Bonds in the amount of \$465,580,000 to purchase the 2010 B Qualified Obligations to be issued by the Indianapolis-Marion County Building Authority, the proceeds of which will be used to fund construction development of the Wishard Hospital Project. The bonds bear interest that varies between 2.00% and 6.12%, and mature January 15, 2040.

In March 2010, the Bond Bank issued Series 2010A Notes in the amount of \$85,000,000 to purchase the Sanitary District Limited Recourse Notes, Series 2010 A, the proceeds of which will be used to fund Sanitary District project expenditures. The bonds bear interest equal to 66% of 1-month LIBOR plus 85 basis points, and mature July 1, 2015.