THE INDIANAPOLIS LOCAL PUBLIC

IMPROVEMENT BOND BANK

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2010 and 2009

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

CONTENTS

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Independent Auditors' Report

Board of Directors
The Indianapolis Local Public Improvement Bond Bank

We have audited the accompanying statements of net assets of The Indianapolis Local Public Improvement Bond Bank as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis presented on pages 2 to 6 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 inquires 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

Indianapolis, Indiana
June 15, 2011

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

For 2010, revenues exceeded expenses by $0.87 million, which is reflected in the increase in net assets.

Total assets increased from $4.54 billion at December 31, 2009 to $5.94 billion at December 31, 2010. This is an increase of approximately $1.4 billion. This increase occurred primarily in cash, restricted cash equivalents and loans receivable.

During 2010, the Bond Bank issued $1.2 billion in new and refunding bonds. The Bond Bank's Series 2010 A bonds accounted for $195 million of the new bonds issued. The proceeds of Series 2010 A bonds were used to fund the Health and Hospital's piece of the Wishard Hospital Project. The Bond Bank's Series 2010 B bonds accounted for $466 million of the new bonds issued. The proceeds of Series 2010 B bonds were used to fund the Indianapolis-Marion County Building Authority's piece of the Wishard Hospital Project. The Bond Bank's Series 2010 C bonds accounted for $7 million of the new bonds issued. The proceeds of Series 2010 C bonds were used to refund the 2006 C Notes and fund the Near Eastside Redevelopment Area Housing Program. The Bond Bank's Series 2010 D bonds accounted for $17 million of the new bonds issued. The proceeds of Series 2010 D bonds were used to fund the Economic Development's Dow AgroSciences Project. The Bond Bank's Series 2010 E bonds accounted for $5 million of the new bonds issued. The proceeds of Series 2010 E bonds were used to fund the Economic Development's AIT Laboratories Project. The Bond Bank's Series 2010 F bonds accounted for $160 million of the new bonds issued. The proceeds of Series 2010 F bonds were used to fund the Sanitary District's PILOT Infrastructure Project. The Bond Bank's Series 2010 L bonds accounted for $350 million of the new bonds issued. The proceeds of Series 2010 L bonds will be used to refund the 2008 C bonds and fund the Indianapolis Airport Authority's Midfield Terminal Project.

The Bond Bank issued $91 million in new notes payable during 2010. The Bond Bank's Series 2010A Notes accounted for $85 million of the new notes issued. The proceeds of Series 2010A Notes were used to fund Sanitary District improvements. The Bond Bank's Series 2010B Notes accounted for $3 million of the new notes issued. The proceeds of Series 2010B Notes were used to refund the 2005A Notes and 2005B Notes and fund the Redevelopment District's Fall Creek Place Project. The Bond Bank's Series 2010C Notes accounted for $3 million of the new notes issued. The proceeds of Series 2010C Notes were used to refund the 2005C Notes and fund the Redevelopment District's Brokenburr Project.

During 2010, the Bond Bank defeased/refunded notes of $363.4 million and made draws on bonds of $7.5 million. In addition, the Bond Bank made principal payments of $500.6 million on bonds payable and $371.6 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 two 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.

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 7 to 9 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 10 to 38 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 $2.1 million at the close of the most recent fiscal year.

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

	December 31, 2010	Restated 2009
Current assets	$1,408,053	$ 823,073
Noncurrent assets	4,532,172	3,718,972
Total Assets	$5,940,225	$4,542,045
Current liabilities	$1,369,561	$ 725,643
Long-term liabilities	4,568,563	3,815,167
Total Liabilities	5,938,124	4,540,810
Net assets	2,101	1,235
Total Liabilities and Net Assets	$5,940,225	$4,542,045

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, 2010	Restated 2009
Operating Revenues:		
Interest-investments	$ 218,516	$ 206,172
Fees	3,425	3,433
Total Operating Revenues	221,941	209,605
Operating Expenses:		
Interest	213,497	200,365
Amortization of debt issuance costs	5,231	4,617
Administrative costs	1,128	1,065
Total Operating Expenses	219,856	206,047
Operating Income	2,085	3,558
Other Financing Uses	(1,219)	(2,104)
Increase (decrease) in net assets	866	1,454
Net Assets:		
Beginning of Year, as originally reported		2,366
Correction of prior period balances		(2,585)
Beginning of Year, as restated	1,235	(219)
End of Year	$ 2,101	$ 1,235

The Bond Bank's net assets increased by approximately $0.87 million during the current fiscal year. Key elements of this increase are as follows:

Total operating revenues increased by $12.33 million. Interest income is received on loans receivable, as well as other investments, and increased $12.34 million. Operating fees decreased by $0.01 million.

Total operating expenses increased by $13.81 million. Interest expense on bonds payable increased $13.13 million. The remainder of the operating expenses consists of amortization on bond related cost of issuance, administrative expenses, trustee fees and professional fees and increased $0.68 million.

Total other financing uses decreased by $0.89 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 $4.7 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)

	December 31, 2010	December 31, 2009
Bonds payable	$4,612,150	$3,879,812
Note payable	88,852	409,312

During 2010, the Bond Bank issued $1.2 billion in new and refunding bonds and $91 million in new notes payable.

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

Bond Series 2010A ($195,000,000) was used to purchase the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010A (Wishard Hospital Project), to be issued by the Health and Hospital Corporation of Marion County, IN. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2010A-1 & 2010A-2 Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2010B ($465,580,000) was used to purchase the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010B (Wishard Hospital Project), to be issued by the Indianapolis-Marion County Building Authority. A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2010B-1 & 2010B-2 Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2010C ($7,200,000) was used to refund the outstanding principal amount of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2006C, and to purchase the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds, Series 2010A (Near Eastside Housing Program). A portion of the proceeds was used pay accrued interest and the cost of issuance of the Series 2010C Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2010D ($17,375,000) was used to purchase the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010A (Economic Development's Dow AgroSciences Project), to be issued by the City of Indianapolis, IN. A portion of the proceeds was used to fund a bond interest account and pay the cost of issuance of the Series 2010D Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2010E ($5,045,000) was used to purchase the City of Indianapolis Economic Development Tax Increment Revenue Bonds, Series 2010D (AIT Laboratories Project). A portion of the proceeds was used to fund a capitalized interest account and pay the cost of issuance of the Series 2010E Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2010F ($159,515,000) was used to purchase the City of Indianapolis PILOT Revenue Bonds, Series 2010A (Sanitary District project). A portion of the proceeds was used to fund a capitalized interest account and pay the cost of issuance of the Series 2010F Bonds as well as certain program expenses of the Bond Bank.

DEBT ADMINISTRATION (CONTINUED)

Bond Series 2010L ($350,000,000) was used to purchase the Indianapolis Local Public Improvement Bond Bank Multi-Mode Bonds, Series 2010L (Midfield Terminal Project), to be issued by the Indianapolis Airport Authority. A portion of the proceeds will be used to refund the outstanding principal amount of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2008C, and was also used pay accrued interest and the cost of issuance of the Series 2010L Bonds as well as certain program expenses of the Bond Bank.

Note Series 2010A ($85,000,000) was used to purchase the City of Indianapolis Sanitary District Limited Recourse Notes, Series 2010A. A portion of the proceeds was used to fund a construction account and pay the cost of issuance of the Series 2010A Notes as well as certain program expenses of the Bond Bank.

Note Series 2010B ($3,200,000) was used to refund the outstanding principal amount of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2005A and 2005B, and to purchase the City of Indianapolis Redevelopment District Tax Increment Revenue Notes, Series 2010B (Fall Creek Place Project). A portion of the proceeds was used to pay the cost of issuance of the Series 2010A Notes as well as certain program expenses of the Bond Bank.

Note Series 2010C ($2,500,000) was used to refund the outstanding principal amount of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2005C, and to purchase the City of Indianapolis Redevelopment District Limited Recourse Notes, Series 2010A (Brokenburr Project). A portion of the proceeds was used to fund a debt service reserve and pay the cost of issuance of the Series 2010C Notes as well as certain program expenses of the Bond Bank.

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.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF NET ASSETS
December 31, 2010 and 2009

	2010	Restated 2009
ASSETS		
Current Assets:		
Cash and equivalents	$ 3,278,398	$ 2,628,188
Cash and equivalents-restricted	1,132,057,953	360,293,825
Interest receivable	111,607,641	93,177,144
Investments held by trustee, at fair value	17,236,319	17,236,319
Loans receivable from qualified entities	140,139,852	346,394,923
Receivables and advances to qualified entities-net of allowance for doubtful accounts of $0 in 2010 and 2009.	3,398,903	3,062,626
Prepaid expenses and other assets	334,012	280,246
Total Current Assets	1,408,053,078	823,073,271
Noncurrent Assets:		
Loans receivable	4,463,010,011	3,655,702,720
Deferred debt issuance costs-net of accumulated amortization of $58,235,932 in 2010 and $53,004,820 in 2009	62,722,654	58,522,472
Other assets	6,439,364	4,746,064
Total Noncurrent Assets	4,532,172,029	3,718,971,256
TOTAL ASSETS	$ 5,940,225,107	$ 4,542,044,527
LIABILITIES		
Current Liabilities:		
Interest payable	$ 111,666,666	$ 93,130,338
Accounts payable and accrued expenses	257,625	839,424
Funds held for qualified entities	1,118,758,039	152,970,134
Notes payable-current	6,048,452	366,639,846
Bonds payable-current	132,830,400	112,063,250
Total Current Liabilities	1,369,561,182	725,642,992
Noncurrent Liabilities:		
Notes payable	82,804,241	42,672,341
Bonds payable	4,479,319,391	3,767,748,458
Deferred Outflow of Resources	6,439,364	4,746,064
Total Noncurrent Liabilities	4,568,562,996	3,815,166,863
Total Liabilities	5,938,124,178	4,540,809,855
NET ASSETS	2,100,929	1,234,672
TOTAL LIABILITIES AND NET ASSETS	$ 5,940,225,107	$ 4,542,044,527

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2010 and 2009

	2010	Restated 2009
OPERATING REVENUES		
Interest	$ 218,516,340	$ 206,172,423
Fees	3,424,570	3,432,585
Total Operating Revenues	221,940,910	209,605,008
OPERATING EXPENSES		
Interest	213,497,383	200,364,622
Amortization of debt issuance costs	5,231,112	4,617,070
Administrative costs	1,127,489	1,064,815
Total Operating Expenses	219,855,984	206,046,507
OPERATING INCOME	2,084,926	3,558,501
OTHER FINANCING USES		
Allowance and expenditures for the City	830,527	1,472,346
Allowance and expenditures for Union Station	388,142	632,139
Total Other Financing Uses	1,218,669	2,104,485
INCREASE IN NET ASSETS	866,257	1,454,016
NET ASSETS		
Beginning of Year, as originally reported		2,366,218
Correction of prior period balances		(2,585,562)
Beginning of Year, as restated	1,234,672	(219,344)
End of Year	$ 2,100,929	$ 1,234,672

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	2010	2009
OPERATING ACTIVITIES		
Fees received	$ 3,424,570	$ 3,432,585
Cash payments for salaries, administrative and other expenses	(2,099,331)	(1,333,369)
Net Cash Provided by Operating Activities	1,325,239	2,099,216
INVESTING ACTIVITIES		
Maturities of loans to qualified entities	737,675,430	1,117,168,592
Issuance of loans to qualified entities	(1,338,727,650)	(1,239,330,487)
Increase in investments		(16,172,359)
(Increase) decrease in restricted cash and equivalents	(771,764,128)	77,848,475
Interest received on loans and investments	200,085,843	192,490,757
Net Cash Provided (Used) by Investing Activities	(1,172,730,505)	132,004,978
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuance	1,284,091,176	1,234,670,841
Debt issuance costs	(9,431,294)	(9,644,839)
Principal payments to reduce indebtedness	(872,212,587)	(1,161,810,011)
Transfers and expenditures for qualified entities	964,569,236	(6,271,613)
Interest paid on bonds and note payable	(194,961,055)	(190,830,308)
Net Cash Provided (Used) by Non-Capital Financing Activities	1,172,055,476	(133,885,930)
NET INCREASE IN CASH AND EQUIVALENTS	650,210	218,264
CASH AND EQUIVALENTS		
Beginning of Year	2,628,188	2,409,924
End of Year	$ 3,278,398	$ 2,628,188
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 2,084,926	$ 3,558,501
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of debt issuance costs	5,231,112	4,617,070
Change in prepaid expenses and other assets	(390,043)	(802,862)
Change in accounts payable	(581,799)	534,308
Interest income	(218,516,340)	(206,172,423)
Interest expense	213,497,383	200,364,622
Net Cash Provided by Operating Activities	$ 1,325,239	$ 2,099,216

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

NOTES TO FINANCIAL STATEMENTS

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)

Pursuant to the Government Accounting Standards Board (GASB), the Bond Bank is required to apply all applicable GASB pronouncements as well as any Accounting Standards Codification issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. As permitted by GASB, the Bond Bank has elected not to comply with the FASB Statements and Interpretations issued subsequent to November 30, 1989.

GASB requires a specific presentation for the Bond Bank's financial statements in addition to the section for Management's Discussion & Analysis as supplementary information to precede the financial statements.

The Bond Bank has adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This pronouncement addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. Governments utilize derivative financial instruments to manage specific risks or to make investments. Derivative instruments covered within the scope of this Statement are reported at fair value. Changes in fair value of instruments used for investment purposes or that are reported as investment instruments because of ineffectiveness are reported within the statement of revenues, expenses and changes in net assets. Hedging derivative instruments with a change in fair value deemed effective are reported in the Statement of Net Assets as deferrals.

Much of GASB 53 describes the methods of evaluating effectiveness. These methods include the consistent critical terms method, the synthetic instrument method, the dollar-offset method and the regression analysis method. Other quantitative methods are permitted provided they address whether the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item. The derivative instruments issued by the Bond Bank were evaluated, and deemed effective, utilizing the synthetic instrument method.

Disclosures required by GASB 53 have been incorporated into this Statement. Required disclosures include the objectives, terms, and risks of hedging derivative instruments and a summary of derivative activity that provides an indication of fair value amounts reported on the financial statement.

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. 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 approximating a constant return rate 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Agreements: The Bond Bank enters into interest rate swap agreements to modify interest rates on outstanding debt.

All of the Bond Bank's outstanding derivative financial instruments, including swaps, are recognized in the statement of net assets at their fair values. The effect on the increase or decrease in net assets from recognizing the fair values of these derivative financial instruments depends on their intended use, their hedge designation, and their effectiveness in offsetting changes in the fair values of the exposures they are hedging. Changes in the fair values of instruments designated to reduce or eliminate adverse fluctuations in the fair values of recognized assets and liabilities are reported currently as an increase or decrease in net assets along with changes in the fair values of the hedged items. Changes in the fair values of derivative instruments that are not designated as hedges or do not qualify for hedge accounting treatment are reported currently as increases or decreases in net assets. Amounts reported in earnings are classified consistent with the item being hedged

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.

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

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, 2010, are summarized as follows:

	Cost	**Fair Value**
U.S. Government agency obligations	$ 559,375,024	$ 552,141,120
Money market funds	555,278,633	555,278,633
Commercial Paper	24,484,718	24,638,200
Guaranteed investment contracts	17,236,319	17,236,319
Cash	3,278,398	3,278,398
Total Cash and Investments	$1,159,653,092	$1,152,572,670

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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
Money market funds	285,970,235	285,970,235
Guaranteed investment contracts	17,236,319	17,236,319
Cash	2,628,188	2,628,188
Total Cash and Investments	$380,158,332	$380,158,332

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.

As of December 31, 2010, the Bond Bank had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
U.S. Government agency obligations	$552,141,120	$ 55,169,552	$496,971,568		
Commercial Paper	24,638,200	4,656,000	19,982,200		
Guaranteed investment contracts	17,236,319	17,236,319			
	$594,015,639	$ 77,061,871	$516,953,768		

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's investments at December 31, 2010:

Credit Ratings	**S&P**	**Fitch**	**Moody's**	**Fair Value**
U.S. Government agency Obligations	AAA	AAA	Aaa	$ 552,141,120
Allied Irish Banks CP	A1	NR	P-3	4,656,000
General Electric Capital Corporation CP	AA+	NR	Aa2	9,991,100
Toyota Motor Credit CP	AA-	Aa2	A+	9,991,100
FSA Cap Mgmt Serv LLC GIC	AA+	AAA	Aa3	16,172,359
AIG GIC (US Treasuries held as collateral)	AAA	AAA	Aaa	1,063,960
Total Rated Investments				$ 594,015,639

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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, 2010:

U.S. Government	48%

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, 2010 and 2009, represent loans in connection with certain original bond or note obligations as follows:

	2010	**2009**
City of Indianapolis Redevelopment District Bonds, Series 1991 A, maturing February 1, 2011 to 2020, with interest on current interest bonds at 6.00%; yields on capital appreciation bonds at 7.25%.	$ 30,805,000	$ 33,050,000
Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2011 to 2017, with interest at 5.5%.	80,725,000	90,020,000
Indianapolis-Marion County Building Authority Detention Center Bonds of 1989, maturing December 30, 2010 to 2012, with interest at 8%.	4,080,000	4,080,000
Health and Hospital Corporation of Marion County Bonds of 1988, Series A, maturing June 30, 2011 to December 30, 2019, with interest at 7.4%.	15,045,000	16,185,000
Indianapolis-Marion County Building Authority Bonds, City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1992, Series A, maturing February 1, 2011 to 2014, with interest 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, and 2014.	56,215,000	66,920,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis Redevelopment District Bonds of 1993, Series A, maturing January 1, 2011 to 2013, with yields on capital appreciation bonds ranging from 6.2% to 6.3%.	$ 19,095,000	$ 25,460,000
City of Indianapolis Sanitary District Bonds of 1993, Series A, maturing January 1, 2011 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.	13,220,000	17,140,000
City of Indianapolis Flood Control District Bonds of 1993, Series A, maturing January 1, 2011 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.	2,610,000	3,390,000
City of Indianapolis Park District Bonds of 1993 Series A, maturing January 1, 2011 to 2013, with interest at 5.9%. Partial refunding of $11,835,000 from City of Indianapolis Parks District Refunding Bonds of 2007, Series A, representing amounts maturing January 1, 2018.	5,630,000	7,305,000
City of Indianapolis Metropolitan Thoroughfare District Bonds of 1993, Series A, maturing January 1, 2011 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.	10,075,000	13,065,000
City of Indianapolis, Parks District Bonds, Series 2007 B, maturing January 1, 2011 to 2013, with interest rate at 0%.	299,000	399,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2007 B, maturing January 1, 2011 to 2013, with an interest rate at 0%.	536,000	715,000
City of Indianapolis, Flood Control District Bonds, Series 2007 B, maturing January 1, 2011 to 2013, with interest rate at 0%.	140,000	187,000
City of Indianapolis, Sanitary District Bonds, Series 2007 D, maturing January 1, 2011 to 2013, with interest rate at 0%.	703,000	938,000
City of Indianapolis Sanitary District Bonds, Series 1998 A, maturing January 1, 2011 to 2019, with interest at 3.5%. 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.	12,765,000	13,955,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
Capital Improvement Board of Managers of Marion County Excise Taxes Revenue Bonds and Notes, Series 1999 A, maturing June 1, 2011 to 2021, with interest ranging from 4.75% and 5.00%.	$ 21,745,000	$ 23,190,000
Indianapolis Public Safety Communications Systems and Computer Facilities District Bonds, Series 1999 A, with an interest rate at 5.2%, matured on January 1, 2010.		2,200,000
City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue and Refunding Bonds Series 1999 A, maturing February 1, 2011 to 2029, with interest at 5.00%; yields on capital appreciation bonds ranging from 5.65% to 5.82%.	242,390,000	243,595,000
City of Indianapolis Sanitary District Bond, Series 2000 A, maturing January 1, 2011 to 2021, with interest at 3.5%. 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.	18,960,128	20,310,370
City of Indianapolis Sanitary District Revenue Bonds Series 2000 B, with interest at 5.00%, matured on January 1, 2010. 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
City of Indianapolis Transportation Refunding Revenue Bonds, Series 2001, with interest at 5.5%, matured on July 1, 2010.		4,595,000
City of Indianapolis, Indiana Enhanced Emergency Telephone System Revenue Bonds, Series 2001, with interest at 5%, maturing on July 1, 2011.	1,630,000	3,185,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2001, Series, maturing January 1, 2011 to 2023, with an interest rate at 4%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	30,003,287	31,805,287
City of Indianapolis, Waterworks Revenue Bonds, Series 2002 A, maturing January 1, 2011 to 2014, with interest ranging from 4.38% 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%.	25,980,000	31,375,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2002, maturing January 10, 2011 to 2017, with interest ranging from 3.90% to 5.13%.	$ 3,600,000	$ 3,875,000
City of Indianapolis, Indiana Sanitary District Revenue Bonds of 2002 B Series, maturing January 1, 2011 to 2024, with an interest rate at 4%. All funds remain in trust with the State of Indiana until disbursement request are processed by the State.	31,534,823	32,704,432
City of Indianapolis Redevelopment District Annual Appropriation Revenue Bonds, Series 2002, maturing February 1, 2011 to 2012, with interest ranging from 3.75% to 3.85%.	895,000	1,320,000
City of Indianapolis Subordinate District Tax Increment Refunding Bonds Series 2002 B, maturing February 1, 2012 to 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, 2011 to 2033, with interest ranging from 4.63% to 5.63%.	96,835,000	99,985,000
City of Indianapolis-Marion County Building Authority Arrestee Processing Center Lease Rental Revenue Bonds of 2003, maturing January 15, 2011 to 2023, with interest ranging from 3.75% to 5.00%.	9,200,000	9,740,000
City of Indianapolis, Park District Refunding Bonds, Series 2003 A, maturing January 1, 2011 to 2018, with interest ranging from 4.50% to 5.25%.	3,703,000	4,067,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2003 A, maturing January 1, 2011 to 2018, with interest ranging from 4.50% to 5.25%.	1,890,000	2,080,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2003 A, maturing January 1, 2011 to 2018, with interest ranging from 4.50% to 5.25%.	6,624,000	7,290,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2003 A, maturing January 1, 2011 to 2018, with interest ranging from 4.50% to 5.25%.	8,695,000	9,567,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2003 A, maturing January 1, 2011 to 2018, with interest ranging from 4.50% to 5.25%.	1,728,000	1,901,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis IndyRoads Revenue Bonds, Series 2003, maturing January 1, 2011 to 2019, with interest ranging from 3.7% to 5.0%.	$ 13,410,000	$ 14,690,000
City of Indianapolis, Circle Block Project, Series 2004 B, maturing April 1, 2011 to 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, 2011 to 2039, with interest ranging from 3.80% to 5.38%.	19,215,000	19,355,000
City of Indianapolis, Fall Creek Project, Series 2004 A, maturing February 1, 2011 to 2028, with interest ranging from 4.0% to 5.4%.	12,020,000	12,290,000
City of Indianapolis, Sanitary District Bonds, Series 2004 A, maturing January 1, 2011 to 2024, with an interest rate rate at 3.58%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	6,620,000	6,980,000
City of Indianapolis, Sanitary District Bonds, Series 2004 B, maturing January 1, 2011 to 2026, with an interest rate at 4.13%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	20,729,278	21,309,821
City of Indianapolis Airport Authority Revenue Bonds, Series 2004 A, maturing January 1, 2011 to 2034, with interest ranging from 4.75% to 5.25%.	205,540,000	209,085,000
City of Indianapolis, Sanitary District Bonds Series 2004 J, maturing January 1, 2011 to 2026, with an interest rate at 3.69%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	58,977,472	61,705,066
City of Indianapolis Simon Notes Series 2004 A, maturing February 1, 2015 to 2017, with interest rate indexed to LIBOR.	1,353,169	1,353,169
City of Indianapolis Simon Notes Series 2004 B, maturing February 1, 2014, to August 1, 2014, with an interest rate indexed to LIBOR.	6,825,000	6,825,000
City of Indianapolis Simon Notes Series 2004 C, maturing February 1, 2011 to August 1, 2014, with an interest rate Indexed to LIBOR.	14,650,000	17,600,000
City of Indianapolis, Pension Bonds of 2005, Series A maturing January 15, 2011 to 2022, with an interest rate ranging from 4.24% to 5.28%.	82,260,000	87,585,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
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, 2011 to 2025, with an interest rate ranging from 4.00% to 5.25%.	24,210,000	25,005,000
City of Indianapolis Waterworks District Net Revenue Refunding Bonds, Series 2005 F, maturing January 1, 2011 to 2029, with an interest rate ranging from 4% to 5%.	70,015,000	70,115,000
City of Indianapolis, Sanitary District Bonds, Series 2005 A, maturing January 1, 2011 to 2027, with an interest rate at 2.9%. All funds remain in trust with the State of Indiana until disbursement requests are processed by the State.	77,156,385	75,204,299
City of Indianapolis Fall Creek Notes Series 2005 A, with an interest rate of LIBOR plus 96 basis points, refunded on August 9, 2010 by the City of Indianapolis Redevelopment District Tax Increment Revenue Notes, Series 2010 B, representing amounts maturing August 1, 2030.		3,195,928
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 B, with an interest rate of LIBOR plus 95 basis, refunded on August 9, 2010 by the City of Indianapolis Redevelopment District Tax Increment Revenue Notes, Series 2010 B, representing amounts maturing August 1, 2030.		2,750,000
City of Indianapolis Redevelopment District Limited Recourse Notes Series 2005 C, with an interest rate at 3.85%, refunded on July 30, 2010 by the City of Indianapolis Redevelopment District Limited Recourse Notes, Series 2010 A, representing amounts maturing July 30, 2015.		2,426,101
City of Indianapolis, Waterworks District Net Refunding Revenue Bonds, Series 2006 A, 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, 2011 to July 15, 2021, with interest ranging from 4% to 5%.	13,790,000	14,725,000
City of Indianapolis, Stormwater District Revenue Bonds, Series 2006 A, maturing January 1, 2011 to 2026, with interest ranging from 4% to 5%.	41,530,000	42,500,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 A, maturing January 1, 2011 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.	$ 30,011,542	$ 30,328,802
Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2011 to 2037, with interest ranging from 4.00% to 5.25%.	305,910,000	345,830,000
Indianapolis Airport Authority Taxable Airport Revenue Bonds, Series 2006 B, maturing January 1, 2011 to 2013, with a fixed interest rate ranging from 5.49% to 5.59%.	31,180,000	35,250,000
City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, maturing February 1, 2011 to 2026, with a fixed interest rate ranging from 4% to 5%.	10,035,000	10,480,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 B, maturing January 1, 2011 to 2028, with an interest rate of 2.9%.	30,655,282	23,786,011
City of Indianapolis, Redevelopment District Notes, Series 2006 C, with an interest rate of 3.28% at December 31, 2009, refunded on June 3, 2010 by the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds, Series 2010 A, representing amounts maturing February 1, 2025.		3,554,378
2006 City Vehicle Lease, maturing November 3, 2011, with interest at 3.94%.	1,626,940	3,209,025
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 A, maturing January 1, 2011 to 2027, with interest ranging from 3% to 5%.	32,060,000	32,060,000
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, 2011 to 2035, with an interest rate of 5.9%.	72,775,000	73,430,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2007 A, maturing January 1, 2014 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, 2014 to 2018, with an interest rate of 5%.	21,770,000	21,770,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis, Park District Refunding Bonds, Series 2007 A, maturing January 1, 2014 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, 2014 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, 2011 to 2021, with interest ranging from 4.00% to 4.13%.	7,840,000	8,435,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 E, maturing January 1, 2011 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.	52,158,516	25,615,833
City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing February 1, 2011 to 2027, with interest ranging 5.64% to 6.21%.	5,160,000	5,250,000
City of Indianapolis, Sanitary District Net Revenue Refunding Bonds, Series 2007 I, maturing January 1, 2011 to 2021, with interest ranging from 4.00% to 4.75%.	7,230,000	7,300,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2011 to 2023, with an interest rate of 6.2%.	4,770,000	5,005,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2007 A, 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 2007 B, maturing January 1, 2011 to 2038, with interest ranging 3.75% to 5.25%.	102,280,000	103,860,000
Facilities Revenue Bonds of 2007, maturing January 15, 2011 to July 15, 2021, with interest ranging 3.75% to 4.13%.	3,025,000	3,240,000
Lighthouse Academies Inc. of Indiana, Charter Schools Financing Notes of 2007, dated March 30, 2007, maturing January 1, 2011 to March 30, 2014, with an interest rate of 4.47%.	3,326,384	3,425,811
City of Indianapolis, Redevelopment Notes of 2007 (Ertel), dated August 30, 2007, maturing September 25, 2012, with an interest rate of 1.56%.	4,663,596	4,332,751
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate of 3.79%.	230,740	454,836

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	**2009**
Series 2007 B Tax Revenue Note, dated June 1, 2007, maturing November 10, 2011, with an interest rate of 3.59%.	$ 376,864	$ 740,668
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, 2011 to 2024, with interest ranging from 3.0% to 5.6%.	37,115,000	39,150,000
City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2008 C, bearing interest at average rate, subject to swap agreement, defeased on December 21, 2010, refund completed January 3, 2011 by the City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2010 L, representing amounts maturing January 1, 2037.		350,000,000
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	5,000,000
City of Indianapolis, Waterworks District Net Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2038, with interest ranging from 3.00% to 5.63%.	563,780,000	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	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	20,320,000
Fort Harrison Military Base Reuse District Tax Increment Revenue Revenue Bonds, Series 2009, maturing February 1, 2011 to 2026, with interest ranging from 2.5% to 5.0%.	10,540,000	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.	26,992,564	6,605,847
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2015, with interest ranging from 2.75% to 4.00%.	2,420,000	2,865,000
City of Indianapolis, Redevelopment District Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2015, with interest ranging from 2.75% to 4.00%.	1,250,000	1,480,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis, Flood Control District Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2015, with interest ranging from 2.75% to 4.00%.	$ 850,000	$ 1,005,000
Indianapolis Public Transportation Corporation Revenue Bonds, Series 2009 A, maturing January 1, 2011 to 2016, with interest ranging from 2.75% to 4.00%.	7,025,000	8,045,000
City of Indianapolis, Building Authority Revenue Bonds, Series 2009 F, maturing January 1, 2011 to 2017, with interest ranging from 2.45% to 5.03%.	5,380,000	6,025,000
Series 2009 E-H dated May 20, 2009, with interest at 1.76%, matured on March 30, 2010.		109,428,619
Series 2009 I-J dated December 18, 2009, with interest at 1.48%, matured on April 5, 2010.		24,928,931
Series 2010 A-D dated December 18, 2009, with interest at 1.48%, matured on August 4, 2010.		86,847,176
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the Health and Hospital Corporation of Marion County, IN, maturing January 15, 2013 to 2040 with interest ranging from 4% to 6%.	195,000,000	
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B, issued by the Indianapolis-Marion County Building Authority, maturing January 15, 2013 to 2040 with interest ranging from 2.00% to 6.12%.	465,580,000	
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2010 A, maturing February 1, 2011 to 2025, with interest at 5%.	7,036,001	
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the City of Indianapolis, IN, maturing February 1, 2015 to 2025, with interest ranging from 3.00% to 5.13%.	17,375,000	
City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2010 D, maturing February 1, 2015 to 2035, with interest ranging from 2.60% to 5.15%.	5,045,000	
City of Indianapolis, Sanitary District PILOT Revenue Bonds, Series 2010 A, maturing January 1, 2019 to 2040, with interest ranging from 4.13% to 5.00%.	159,515,000	
City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2010 L, maturing January 1, 2012 to 2037, bearing interest at an average rate, subject to swap agreement.	350,000,000	

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2010	2009
City of Indianapolis, Sanitary District Limited Recourse Notes, Series 2010 A, maturing July 1, 2012, with an interest rate of 66% 1-month LIBOR plus 85 basis points.	$ 45,100,000	
City of Indianapolis, Redevelopment District Tax Increment Revenue Notes, Series 2010 B, maturing February 1, 2011 to August 1, 2030, with interest at 3.75%.	3,200,000	
City of Indianapolis, Redevelopment District Limited Recourse Notes, Series 2010 A, maturing July 30, 2015, with interest at 3.92%.	2,500,000	
	4,721,775,971	4,142,412,161
Less: Unamortized discount/premium	(118,626,108)	(140,314,518)
	4,603,149,863	4,002,097,643
Less: Current Portion of Loans Receivable	(140,139,852)	(346,394,923)
Long-term Portion of Loans Receivable	$4,463,010,011	$3,655,702,720

All of the loans to qualified entities are registered in the Bond Bank's name and are either serial, term, or serial and term maturities.

NOTE 4 - BONDS AND NOTES PAYABLE

The Bond Bank's bonds payable at December 31, 2010 and 2009, are summarized as follows:

	2010	2009
Series 1991 A Bonds, maturing February 1, 2011 to 2014, with yields on capital appreciation bonds at 7.25%. These bonds were partially defeased in 2001.	$ 10,050,000	$ 12,295,000
Series 1991 C Bonds, with yields on capital appreciation bonds of 7.2%, matured January 1, 2010.		9,275,000
Series 1992 B Bonds, maturing January 10, 2011 to 2020, with an interest rate at 6%.	21,160,000	23,620,000
Series 1992 D Bonds, maturing February 1, 2011 to 2014, with an interest rate 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.	56,215,000	66,920,000
Series 1993 A Bonds, maturing January 10, 2011 to 2013, with yields on capital appreciation bonds ranging from 6.2% to 6.3%. 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.	19,095,000	25,460,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 1995 A Refunding Bonds, maturing January 1, 2011 to July 1, 2013, with interest ranging from 5.25% to 6.50%. The carrying value of the debt represents the $30,690,000 and $31,045,000 of the Series 1995 A Refunding Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized loss on defeasance of $523,220 and $1,025,412 at December 31, 2010 and 2009, respectively. During 2004, $50,035,000 was refunded using the proceeds of Series 2004 F Bonds.	$ 30,166,780	$ 30,019,588
Series 1998 A Refunding Bonds, maturing February 1, 2011 to 2013, with interest ranging from 5.25% to 6.00%. The carrying value of the debt represents the $33,305,000 and $43,240,000 of the Series 1998 A Refunding Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized loss on defeasance of $231,415 and $454,523 at December 31, 2010 and 2009, respectively.	33,073,585	42,785,477
Series 1998 E Bonds, maturing January 1, 2011 to 2019, with an interest rate at 3.5%. Aggregate principal amount limited to $23,000,000.	12,765,000	13,955,000
Series 1999 B Bonds, maturing June 1, 2011 to 2021, with interest on current interest bonds ranging from 4.75% to 5.00% .	21,745,000	23,190,000
Series 1999 D Bonds, with an interest rate at 5.2%, matured January 1, 2010.		$ 2,200,000
Series 1999 E Refunding Bonds, maturing February 1, 2011 to 2029, with interest on current interest bonds at 5.00%; yields on capital appreciation bonds ranging from 5.65% to 5.82%. During 2002, defeased $27,000,000 of amounts maturing February 1, 2029.	242,390,000	243,595,000
Series 2000 B Bonds, maturing January 1, 2011 to 2021, with an interest rate at 3.5%. Aggregate principal amount limited to $32,000,000.	18,960,128	20,310,370
Series 2000 C Bonds, with an interest rate at 5%, matured January 1, 2010.		440,000
Series 2001 A Bonds, with interest ranging from 5.0% to 5.5%, matured July 1, 2010.		4,595,000
Series 2001 C Bonds, maturing February 1, 2011 to 2020, with interest ranging from 4.9% to 5.5%. The carrying value of the debt represents the $21,535,000 and $21,590,000 of the Series 2001 C Refunding Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized loss on defeasance of $248,395 and $408,164 at December 31, 2010 and 2009, respectively.	21,286,605	21,181,836

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2001 D Bonds, maturing January 1, 2011 to July 1, 2011, with an interest rate at 5%.	$ 1,630,000	$ 3,185,000
Series 2001 E Bonds, maturing January 1, 2011 to 2023, with an interest rate at 4%.	30,003,287	31,805,287
Series 2002 A Bonds, maturing January 1, 2011 to 2014, with interest ranging from 4.38% to 5.50% during 2007, Series 2006 A refunded $82,365,000 of interest bonds maturing July 1, 2025 through 2035. The carrying value of the debt represents the $25,980,000 and $31,375,000 of the Series 2002 A Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized gain on defeasance of $50,181 and $85,695 at December 31, 2010 and 2009, respectively.	26,030,181	31,460,695
Series 2002 C Bonds, maturing January 10, 2011 to 2017, with interest ranging from 3.90% to 5.13%.	3,600,000	3,875,000
Series 2002 D Bonds, maturing January 1, 2011 to 2024, with an interest rate at 4%.	31,534,823	32,704,432
Series 2002 E Bonds, maturing February 1, 2011 to 2012, with interest ranging from 3.75% to 3.85%.	895,000	1,320,000
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, 2011 to 2033, with interest ranging from 4.63% to 5.63%.	96,835,000	99,985,000
Series 2003 B Bonds, maturing January 15, 2011 to 2023, with interest ranging from 3.75% to 5.00%.	9,200,000	9,740,000
Series 2003 D Bonds, maturing January 10, 2011 to 2018, with interest ranging from 4.50% to 5.25%. The carrying value of the debt represents the $22,640,000 and $24,905,000 of the Series 2003 D Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized loss on defeasance of $68,780 and $87,051 at December 31, 2010 and 2009, respectively.	22,571,220	24,817,949
Series 2003 E Bonds, maturing January 1, 2011 to 2019, with interest ranging from 3.7% to 5.0%.	13,410,000	14,690,000
Series 2004 B Bonds, maturing April 1, 2011 to 2030, with an interest rate adjusted weekly (see Note 7).	9,900,000	9,900,000
Series 2004 C Bonds, maturing April 1, 2011 to 2039, with interest ranging from 3.80% to 5.38%.	19,215,000	19,355,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2004 E Bonds, maturing February 1, 2011 to 2028, with interest ranging from 4.0% to 5.4%.	12,020,000	12,290,000
Series 2004 G Bonds, maturing January 1, 2011 to 2024, with an interest rate at 3.58%. Aggregate principal amount limited to $8,600,000.	6,620,000	6,980,000
Series 2004 H Bonds, maturing January 1, 2011 to 2026, with an interest rate at 4.13%. Aggregate principal amount limited to $25,000,000.	20,729,278	21,309,821
Series 2004 I Bonds, maturing January 1, 2011 to 2034, with interest ranging from 4.75% to 5.25%.	205,540,000	209,085,000
Series 2004 J Bonds, maturing January 1, 2011 to 2026, with an interest rate of 3.69%.	58,977,472	61,705,066
Series 2005 A Bonds, maturing January 15, 2011 to 2022 with interest ranging from 4.24% to 5.28%.	82,260,000	87,585,000
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, 2011 to 2025, with interest ranging from 4.00% to 5.25%.	24,210,000	25,005,000
Series 2005 E Bonds, maturing January 1, 2011 to 2017, with interest ranging from 4% to 5%.	50,120,000	50,170,000
Series 2005 F Bonds, maturing January 1, 2011 to 2029, with interest ranging from 4% to 5%. The carrying value of the debt represents $70,015,000 and $70,115,000 of the Series 2005 F Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized gain on defeasance of $557,319 and $679,686 at December 31, 2010 and 2009, respectively.	70,572,319	70,794,686
Series 2005 I Bonds, maturing January 1, 2011 to 2027, with an interest rate at 2.9%.	77,156,385	75,204,299
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, 2011 to July 15, 2021, with interest ranging from 4% to 5%.	13,790,000	14,725,000
Series 2006 D Bonds, maturing January 1, 2011 to 2026, with interest ranging from 4% to 5%.	41,530,000	42,500,000
Series 2006 E Bonds, maturing January 1, 2011 to 2028, with an interest rate at 3.08%.	30,011,542	30,328,802

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2006 F Bonds, maturing January 1, 2011 to 2037, with interest ranging from 4.00% to 5.25%.	$ 305,910,000	$ 345,830,000
Series 2006 G Bonds, maturing January 1, 2011 to 2013, with interest ranging from 5.49% to 5.59%.	31,180,000	35,250,000
Series 2006 H Bonds, maturing February 1, 2011 to 2026, with interest ranging from 4% to 5%.	10,035,000	10,480,000
Series 2006 I Bonds, maturing January 1, 2011 to 2028, with an interest rate of 2.9%.	33,195,000	33,355,000
Series 2007 A Bonds, maturing January 1, 2011 to 2027, with interest ranging from 3% to 5%.	32,060,000	32,060,000
Series 2007 B Bonds, maturing January 1, 2022 to 2025, with an interest rate at 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, 2010 and 2009, net of unamortized gain on defeasance of $136,963 and $147,925 at December 31, 2010 and 2009, respectively.	70,546,963	70,557,925
Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2011 to 2035, with an interest rate at 5.9%.	72,775,000	73,430,000
Series 2007 D, Refunding Bonds, maturing February 1, 2014 to 2018, with an interest rate at 5%.	68,160,000	68,160,000
Series 2007 E, Refunding Bonds, maturing February 1, 2011 to 2021, with interest ranging from 4.00% to 4.13%. The carrying value of the debt represents $7,840,000 and $8,435,000 of the Series 2005 F Bonds outstanding at December 31, 2010 and 2009, respectively, net of unamortized gain on defeasance of $4,983 and $5,955 at December 31, 2010 and 2009, respectively.	7,844,983	8,440,955
Series 2007 F Bonds, maturing January 1, 2011 to 2027, with an interest rate at 4.4%.	73,440,250	77,699,500
Glendale Mall Taxable Bonds, 2007 G, maturing February 1, 2011 to 2027, with interest ranging from 5.64% to 6.21%.	5,160,000	5,250,000
Series 2007 I, Refunding Bonds, maturing January 1, 2011 to 2021, with interest ranging from 4.00% to 4.75%. The carrying value of the debt represents $7,230,000 and $7,300,000 of the Series 2005 F Bonds outstanding at December 31, 2010 and 2009 net of unamortized gain on defeasance of $230 and $272 at December 31, 2010 and 2009, respectively.	7,230,230	7,300,272
Series 2007 K Bonds, maturing February 1, 2011 to 2023, with an interest rate at 6.2%.	4,770,000	5,005,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2007 L Bonds, maturing January 1, 2011 to 2038, with interest ranging from 3.75% to 5.25%.	$ 103,780,000	$ 105,360,000
Series 2007 M Bonds, maturing January 15, 2011 to July 15, 2021, with interest ranging from 3.75% to 4.13%.	3,025,000	3,240,000
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, 2011 to 2024, with interest ranging from 3.0% to 5.6%.	37,115,000	39,150,000
Series 2008 C Bonds, bearing interest at a weekly rate, subject to swap agreements (see Note 7), defeased on December 21, 2010, refund completed January 3, 2011 by the Indianapolis Local Public Improvement Bond Bank Multi-Mode Bonds, Series 2010 L, representing amounts maturing January 1, 2037.		350,000,000
Series 2009 A Bonds, maturing January 1, 2011 to 2038, with interest ranging from 3.00% to 5.63%.	563,780,000	563,780,000
Series 2009 B Bonds, maturing February 1, 2015 to 2020, with an interest rate at 5%.	145,780,000	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	20,320,000
Series 2009 D Bonds, maturing February 1, 2011 to 2026, with interest ranging from 2.5% to 5.0%.	10,540,000	10,830,000
Series 2009 E Bonds, maturing January 1, 2011 to 2030, with an interest rate at 2.58%.	32,050,000	32,050,000
Series 2009 F Bonds, maturing February 1, 2011 to 2017, with interest ranging from 2.45% to 5.03%.	16,925,000	19,420,000
Series 2010 A Bonds, maturing January 15, 2013 to 2040, with interest ranging from 4% to 6%.	195,000,000	
Series 2010 B Bonds, maturing January 15, 2013 to 2040, with interest ranging from 2.00% to 6.12%.	465,580,000	
Series 2010 C Bonds, maturing February 1, 2011 to 2025, with an interest rate at 5%.	7,036,001	
Series 2010 D Bonds, maturing February 1, 2015 to 2025, with interest ranging from 3.00% to 5.13%.	17,375,000	
Series 2010 E Bonds, maturing February 1, 2015 to 2035, with interest ranging from 2.60% to 5.15%.	5,045,000	

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2010 F Bonds, maturing January 1, 2019 to 2040, with interest ranging from 4.13% to 5.00%.	$ 159,515,000	
Series 2010 L 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	
	4,664,472,032	3,957,141,960
Plus: Deferred charges	322,134	1,055,617
	4,664,794,166	3,958,197,577
Less: Unamortized discount/premium	(52,644,375)	(78,385,869)
	4,612,149,791	3,879,811,708
Less: Current Portion of Bonds of Payable	(132,830,400)	(112,063,250)
Long-term Portion of Bonds Payable	$4,479,319,391	$3,767,748,458

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

The Bond Bank's notes payable at December 31, 2010 and 2009, are summarized as follows:

	2010	2009
Series 2004 A–C, dated October 28, 2004, maturing February 1, 2011 to 2017, with interest at LIBOR (see Note 6).	$ 22,828,169	$ 25,778,169
Series 2005 A, dated August 1, 2005, with interest at LIBOR plus 96 basis points, refunded on August 9, 2010 by the Indianapolis Local Public Improvement Bond Bank Notes, Series 2010 B, representing amounts maturing August 1, 2030.		3,195,928
Series 2005 B, dated August 1, 2005, with interest at LIBOR plus 95 basis points, refunded on August 9, 2010 by the Indianapolis Local Public Improvement Bond Bank Notes, Series 2010 B, representing amounts maturing August 1, 2030.		2,750,000
Series 2005 C (Brokenburr), dated September 9, 2005, with an interest rate at 3.85%, refunded on July 30, 2010 by the Indianapolis Local Public Improvement Bond Bank Notes, Series 2010 C, representing amounts maturing July 30, 2015.		2,500,000
Series 2006 C Limited Obligation Notes, dated December 22, 2006, with an interest rate at 3.28% at December 31, 2009, refunded on June 3, 2010 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 C, representing amounts maturing February 1, 2025.		5,000,000
2006 City Vehicle Lease, dated November 10, 2006, maturing November 3, 2011, with an interest rate at 3.94%.	1,626,940	3,209,025
Series 2007 A Notes, dated March 30, 2007, maturing January 1, 2011 to March 30, 2014, with an interest rate at 4.47%.	3,326,384	3,425,810

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2010	2009
Series 2007 D Notes, dated August 30, 2007, maturing September 25, 2012, with an interest rate at 1.56%.	$ 4,663,596	$ 4,332,751
Series 2007 A Tax Revenue Note, dated April 26, 2007, maturing November 10, 2011, with an interest rate at 3.79%.	230,740	454,836
Series 2007 B Tax Revenue Note, dated June 1, 2007, maturing November 10, 2011, with an interest rate at 3.59%.	376,864	740,668
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	5,000,000
Series 2009 A-D dated March 4, 2009, with an interest rate at 0.78%, matured on January 15, 2010.		131,625,000
Series 2009 E-H dated May 20, 2009, with an interest rate at 0.80%, matured on March 31, 2010.		109,450,000
Series 2009 I-J dated December 18, 2009, with an interest rate at 0.27%, matured on April 7, 2010.		24,950,000
Series 2010 A-D dated December 18, 2009, with an interest rate at 0.37%, matured on August 6, 2010.		86,900,000
Series 2010 A Notes, dated March 17, 2010, maturing July 1, 2012, with an interest rate at 66% 1-month LIBOR plus 85 basis points	45,100,000	
Series 2010 B Notes, dated August 9, 2010, maturing February 1, 2011 to August 1, 2030, with an interest rate at 3.75%.	3,200,000	
Series 2010 C Notes dated July 30, 2010, maturing July 30, 2015, with an interest rate at 3.92%.	2,500,000	
	88,852,693	409,312,187
Less: Current Portion of Notes Payable	(6,048,452)	(366,639,846)
Long-term Portion of Notes Payable	$ 82,804,241	$ 42,672,341

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, 2010 and 2009, 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.

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2010, are summarized as follows:

Payable In	Principal	Interest	Debt Service
2011	$ 138,878,853	$ 218,596,800	$ 357,475,653
2012	197,787,303	198,884,126	396,671,429
2013	170,066,356	191,702,843	361,769,199
2014	173,663,544	184,209,069	357,872,613
2015	169,473,495	176,760,652	346,234,147
2016-2020	883,368,673	763,625,625	1,646,994,298
2021-2025	877,340,958	578,859,184	1,456,200,142
2026-2030	837,757,677	412,035,452	1,249,793,129
2031-2035	767,755,000	235,747,984	1,003,502,984
2036-2040	537,555,000	55,927,546	593,482,546
2041-2045			
	4,753,646,859	3,016,349,281	7,769,996,140
Less: Unamortized discount on bonds	(52,644,375)		(52,644,375)
	$4,701,002,484	$3,016,349,281	$7,717,351,765

The Bond Bank's bonds and notes payable rollforward schedules at December 31, 2010 and 2009, are summarized as follows:

	BONDS	NOTES
Total Outstanding Debt 12/31/08	$ 3,798,900,863	$ 417,362,202
Total Additions 2009	808,187,366	414,751,496
Total Deductions 2009	(739,008,500)	(422,801,511)
Outstanding Debt	$ 3,868,079,729	$ 409,312,187
Add: Change In Unamortized Discount/Premium	11,731,979	
Total Outstanding Debt 12/31/09	$ 3,879,811,708	$ 409,312,187
Total Additions 2010	1,207,218,838	51,130,844
Total Deductions 2010	(500,622,249)	(371,590,338)
Outstanding Debt	$ 4,586,408,297	$ 409,312,187
Add: Change In Unamortized Discount/Premium	25,741,494	
Total Outstanding Debt 12/31/10	$ 4,612,149,791	$ 88,852,693

NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to $895,425,000 as of December 31, 2010 and $552,385,000 as of December 31, 2009.

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, 2010, 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.

Associated Bond/Note Issue	*Notional Amounts*	*Effective Date*	*Fixed Rate Paid*	*Floating Rate Option*	*Fair Values*	*Swap Termination Date*	*Counterparty Credit Rating S&P/Fitch/ Moody's*
2004**C Notes – Redevelopment District**	11,650,000	4/23/2003	4.270%	100% of USD-LIBOR-BBA	(693,926)	2/1/2013	A-/A-/A3
2010L – Indianapolis Airport Authority	50,000,000	12/21/2010	3.942%	75% of USD-LIBOR-BBA	(5,745,438)	1/1/2033	A1/AA-/AA-
Total	$ 61,650,000				$ (6,439,364)		

***Fair Value*:** Because interest rates declined, all swaps had a negative fair value as of December 31, 2010. 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, 2010, 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 81% of the notional amount of swaps outstanding, is held by one counterparty. That counterparty is rated A1/AA-/AA-.

***Interest Rate Risk*:** The Bond Bank is exposed to interest rate risk on both of its pay-fixed, receive-variable interest rate swaps associated with its 2004C Notes and 2010L variable-rate debt. When LIBOR decreases, the Bond Bank receives a lower payout from the swaps, and its net payments on the swaps increase.

***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, 2010, the SIFMA rate was 0.22%, whereas 1 month LIBOR was 0.26% and 5 year LIBOR was 2.20%.

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 2010 L 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, 2010, 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:

Year Ending December 31	Principal	Interest	Interest Rate Swaps, Net	Total
2011	$ 3,600,000	$ 294,898	$ 2,203,954	$ 6,098,852
2012	3,900,000	242,459	2,051,573	6,194,032
2013	4,150,000	186,579	1,887,944	6,224,523
2014		181,808	1,799,188	1,980,996
2015		181,808	1,799,188	1,980,996
2016-2020		909,040	8,995,940	9,904,980
2021-2025	7,980,000	865,897	8,568,992	17,414,889
2026-2030	24,125,000	510,099	5,047,981	29,683,080
2031-2035	17,895,000	67,378	666,779	18,629,157
Total	$ 61,650,000	$ 3,439,966	$ 33,021,539	$ 98,111,505

NOTE 7 – VARIABLE RATE DEMAND BONDS

Included in long-term debt was $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 were payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures.

On December 21, 2010, the remaining principal balance of Series 2008C variable rate demand bonds, $350,000,000, was defeased by the City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2010L. The refunding was completed on January 3, 2011. As a result of the defeasance, the redemption schedule for these bonds is no longer 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, Goldman Sachs & Co, Banc of America Securities, LLC, City Securities Corporation and Morgan Stanley. 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 (CONTINUED)

The Bond Bank had entered into a SBPA with Dexia Credit Local to buy any bonds that were "put" back by the remarketing agents. If the bonds were Bank Bonds for a period of 180 days from the purchase date, the Bank Bonds converted 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 meant, 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 was to expire on June 25, 2011.

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 seven years.

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

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 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 series will bear interest rate per annum equal to the Prime Rate plus 1%, and (c) commencing on the one hundred 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.

Included in long-term debt is $350,000,000 of Series 2010L 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.

NOTE 7 – VARIABLE RATE DEMAND BONDS (CONTINUED)

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 Sercurities, 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.

As of December 31, 2010 there were no bonds held as Bank Bonds.

NOTE 8 - 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 $44,003 in 2010 and $59,226 in 2009. 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 9 - CONCENTRATION OF CREDIT RISK

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

NOTE 10 – RESTATEMENT ON PRIOR YEAR FINANCIAL STATEMENTS

Adoption of Accounting Policy: In June 2008, the GASB released Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is effective for fiscal periods beginning after June 15, 2009. The Bond Bank has implemented this statement retroactively by recording a cumulative effect of a change in accounting principle as of January 1, 2009 in the amount of the estimated fair value of derivative instruments and will record future changes in fair value in the statements of revenues, expenses, and changes in net assets. Based on the synthetic instrument method denoted in GASB No. 53, comparing the swap fixed rate to the calculated synthetic rate, there would be a cumulative effect of approximately $14,887,000, which would be recorded as a credit to Deferred Outflow of Resources. This would impact the availability of proceeds of the issuance of particular bonds or notes held in trust for the qualified entities, and as such, a contra account has been included in other assets resulting in there being no cumulative effect to be presented on the Statements of Revenues, Expenses, and Changes in Net Assets.

Correction of Prior Period Error: Due to additional controls put in place with the hiring of a Trust Account Manager in 2008, internal management discovered reconciling errors involving the Funds Held For Qualified Entities denoted on the Statements of Net Assets. These reconciling items relate to the year ended December 31, 2008, and an indeterminate number of years prior to that. As a result, Net Assets as of January 1, 2009 has been adjusted to correctly account for this issue.

In relation to total current liabilities, this adjustment was extremely minor in nature. Below is a comparison of previously reported and restated balances included as prior period adjustments in the Bond Bank's Statement of Net Assets as of December 31, 2008:

	Previously Reported	**Change**	**As Restated**
Statement of Net Assets			
Other Assets		14,887,832	14,887,832
Deferred Outflow of Resources		14,887,832	14,887,832
Funds Held For Qualified Entities	154,551,700	2,585,562	157,137,262
Net Assets	2,366,218	(2,585,562)	(219,344)

NOTE 11 - SUBSEQUENT EVENTS

In April 2011, the Bond Bank issued Series 2011 A Bonds in the amount of $81,640,000 to purchase the City of Indianapolis, Indiana, Economic Development Revenue Bonds, Series 2011 A, the proceeds of which will be used to fund the development of the North of South Project. The bonds bear interest that varies between 5.00% and 5.75%, and mature February 1, 2036.

In April 2011, the Bond Bank issued Series 2011 B Bonds in the amount of $15,310,000 to purchase the City of Indianapolis, Indiana, Taxable Economic Development Revenue Bonds, Series 2011 B, the proceeds of which will be used to fund the development of the North of South Project. The bonds bear interest that varies between 2.91% and 4.81%, and mature February 1, 2021.

In March 2011, the Bond Bank issued Series 2011 C Bonds in the amount of $39,000,000 to purchase the City of Indianapolis, Indiana, Redevelopment Tax Increment Revenue Multipurpose Bonds, Series 2011 A, the proceeds of which will be used to allow for the redemption of the Series 1991 A Bonds and the Series 2001 C Bonds, and continue to fund the development of the Harding Street Project. The bonds bear interest that varies between 1% and 5%, and mature August 1, 2024.

NOTE 11 - SUBSEQUENT EVENTS (CONTINUED)

In April 2011, the Bond Bank issued Series 2011 D Bonds in the amount of $35,035,000 to purchase the Marion County Convention and Recreational Facilities Authority Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 A, the proceeds of which will be used to allow for the redemption of the qualified entity's Series 2001 A Bonds. (The 2001 A Senior MCCRFA Bonds were not issued by the Indianapolis Local Public Improvement Bond Bank.) The bonds bear interest that varies between 2% and 5%, and mature June 1, 2021.

In May 2011, the Bond Bank issued Series 2011 E Bonds in the amount of $58,790,000 to purchase the City of Indianapolis, Indiana Waterworks District Net Revenue Bonds, Series 2011 A, the proceeds of which will be used to fund the City's Department of Waterworks. The bonds bear interest that varies between 2.00% and 5.13%, and mature January 1, 2041.

In May 2011, the Bond Bank issued Series 2011 F Bonds in the amount of $25,425,000 to purchase the City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2011 C, the proceeds of which will be used to fund the development of the Indiana University Health Inc. Project. The bonds bear interest that varies between 3.00% and 5.75%, and mature February 1, 2036.

Managements' Evaluation

The Bond Bank has evaluated subsequent events through June 15, 2011, the date on which the financial statements were available to be issued and has ascertained that, other than the preceding items, it no material subsequent events have occurred that would affect the financial statements.