THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

December 31, 2011 and 2010

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
Indianapolis, Indiana

We have audited the accompanying statements of net assets of THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK (the Bond Bank) as of December 31, 2011 and 2010, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bond Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2011 and 2010, 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 of America.

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 inquiries of management regarding the methods of measurement and presentation of the supplemental information; however, we did not audit the information and express no opinion on it.

Somerset CPAs PC

SOMERSET CPAS, PC
June 15, 2012

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, 2011. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

For 2011, revenues exceeded expenses by $1.48 million, which is reflected in the increase in net assets.

Total assets decreased from $5.94 billion at December 31, 2010 to $5.44 billion at December 31, 2011. This is a decrease of approximately $500 million. This decrease occurred primarily in restricted cash equivalents and loans receivable.

During 2011, the Bond Bank issued $496.83 million in new and refunding bonds. The Bond Bank's Series 2011 A bonds accounted for $81.64 million of the new bonds issued. The proceeds of Series 2011 A bonds were used to fund the Economic Development's North of South Project. The Bond Bank's Series 2011 B bonds accounted for $15.31 million of the new bonds issued. The proceeds of Series 2011 B bonds were used to fund the taxable piece of the Economic Development's North of South Project. The Bond Bank's Series 2011 C bonds accounted for $39.00 million of the new bonds issued. The proceeds of Series 2011 C bonds were used to refund the 1991 A and 2001 C bonds and continue to fund the Redevelopment District's Harding Street Project. The Bond Bank's Series 2011 D bonds accounted for $35.04 million of the new bonds issued. The proceeds of Series 2011 D bonds were used to refund the qualified entity's Series 2001 A bonds and continue to fund Marion County Convention Recreation Facility Authority (MCCRFA) improvements. The Bond Bank's Series 2011 E bonds accounted for $58.79 million of the new bonds issued. The proceeds of Series 2011 E bonds were used to fund Citizens Energy Group projects. The Bond Bank's Series 2011 F bonds accounted for $25.43 million of the new bonds issued. The proceeds of Series 2011 F bonds were used to fund the Indiana University Health Inc. Project. The Bond Bank's Series 2011 H bonds accounted for $16.57 million of the new bonds issued. The proceeds of Series 2011 H bonds were used to fund Stormwater District improvements. The Bond Bank's Series 2011 I bonds accounted for $20.01 million of the new bonds issued. The proceeds of Series 2011 I bonds were used to refund the qualified entity's Series 1997 A bonds and continue to fund MCCRFA improvements. The Bond Bank's Series 2011 K bonds accounted for $205.05 million of the new bonds issued. The proceeds of Series 2011 K bonds will be used to refund the 1999 B bonds and continue to fund MCCRFA improvements.

The Bond Bank issued $.2 million in new notes payable during 2011. The Bond Bank's Series 2011 A Notes accounted for all of the $.2 million of the new notes issued. The proceeds of Series 2011 A Notes were used to fund Sanitary District improvements.

During 2011, the Bond Bank refunded notes of $49.43 million and made draws on bonds of $8.65 million. In addition, the Bond Bank made principal payments of $631.97 million on bonds payable and $81.56 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 three most recent fiscal years to provide the opportunity for comparison between the years.

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

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

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 36 of this report.

FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the Bond Bank, assets exceeded liabilities by $3.59 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, 2011	2010	2009
Current assets	$1,007,554	$1,408,053	$ 823,073
Noncurrent assets	4,429,527	4,532,172	3,718,972
Total Assets	$5,437,081	$5,940,225	$4,542,045
Current liabilities	$ 997,777	$1,369,561	$ 725,643
Long-term liabilities	4,435,719	4,568,563	3,815,167
Total Liabilities	5,433,496	5,938,124	4,540,810
Net assets	3,585	2,101	1,235
Total Liabilities and Net Assets	$5,437,081	$5,940,225	$4,542,045

Typically, loans receivable have increased year to year, 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. But in 2011, several bond and note issues were closed out with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. As a result, loans receivable and bonds payable decreased in the current year.

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, 2011	2010	2009
Operating Revenues:			
Interest-investments	$ 217,732	$ 218,516	$206,172
Fees	4,054	3,425	3,433
Total Operating Revenues	221,786	221,941	209,605
Operating Expenses:			
Interest	202,330	213,497	200,365
Amortization of debt issuance costs	13,884	5,231	4,617
Administrative costs	917	1,128	1,065
Total Operating Expenses	217,131	219,856	206,047
Operating Income	4,655	2,085	3,558
Other Financing Uses	(3,171)	(1,219)	(2,104)
Increase in net assets	1,484	866	1,454
Net Assets:			
Beginning of Year	2,101	1,235	(219)
End of Year	$ 3,585	$ 2,101	$ 1,235

The Bond Bank's net assets increased by approximately $1.48 million during the current fiscal year. Key elements of this increase are as follows:

Total operating revenues decreased by $0.15 million. Interest income is received on loans receivable, as well as other investments, and decreased $0.78 million. Operating fees increased by $0.63 million.

Total operating expenses decreased by $2.73 million. Interest expense on bonds payable decreased $11.17 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 $8.44 million.

Total other financing uses increased by $1.95 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 $4.55 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, 2011	2010	2009
Bonds payable	$4,510,953	$4,612,150	$3,879,812
Note payable	37,726	88,852	409,312

During 2011, the Bond Bank issued $496.83 million in new and refunding bonds and $207K in new notes payable.

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

Bond Series 2011 A ($81,640,000) was used to purchase the City of Indianapolis, Indiana Economic Development Revenue Bonds, Series 2011 A (North of South Project). A portion of the proceeds was used to fund a debt service reserve account and pay the cost of issuance of the Series 2011 A Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 B ($15,310,000) was used to purchase the City of Indianapolis, Indiana Taxable Economic Development Revenue Bonds, Series 2011 B (North of South Project). A portion of the proceeds was used to fund a debt service reserve account and pay the cost of issuance of the Series 2011 B Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 C ($39,000,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1991 A and Indianapolis Local Public Improvement Bond Bank Bonds, Series 2001 C, as well as to purchase the City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Multipurpose Bonds, Series 2011 A (Harding Street Project). A portion of the proceeds was used pay the cost of issuance of the Series 2011 C Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 D ($35,035,000) was used to refund the outstanding principal amounts of the qualified entity's, Series 2001 A Bonds as well as to purchase the Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 A. A portion of the proceeds was used to pay the cost of issuance of the Series 2011 D Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 E ($58,790,000) was used to purchase the City of Indianapolis, Indiana Waterworks District Net Revenue Bonds, Series 2011 A (now Citizens Energy Group's Series 2011 A Bonds). A portion of the proceeds was used to fund a common reserve account and pay the cost of issuance of the Series 2011 E Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 F ($25,425,000) was used to purchase the City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2011 C (Indiana University Health Inc. Project). A portion of the proceeds was used to fund a debt service reserve account and pay the cost of issuance of the Series 2011 F Bonds as well as certain program expenses of the Bond Bank.

DEBT ADMINISTRATION (CONTINUED)

Bond Series 2011 H ($16,570,000) was used to purchase the City of Indianapolis, Indiana Stormwater District Bonds, Series 2011. A portion of the proceeds was used to fund a construction account and pay the cost of issuance of the Series 2011 H Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 I ($20,010,000) was used to refund the outstanding principal amount of the qualified entity's, Series 1997 A Bonds as well as to purchase the Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 B. A portion of the proceeds was used to pay the cost of issuance of the Series 2011 D Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2011 K ($205,045,000) was used to refund the outstanding principal amount of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999 B as to purchase the Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A. A portion of the proceeds was used to pay the cost of issuance of the Series 2011 D Bonds as well as certain program expenses of the Bond Bank.

Note Series 2011 A ($207,000) was used to purchase the City of Indianapolis, Indiana Sanitary District Limited Recourse Notes, Series 2011 A. A portion of the proceeds was used to fund a construction account and pay the cost of issuance of the Series 2011 A Notes as well as certain program expenses of the Bond Bank.

OTHER SIGNIFICANT MATTERS

There was a significant matter concerning the Citizens Energy Group transaction. See Note 10 for disclosed details.

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, 2011 and 2010

	2011	2010
ASSETS		
Current Assets:		
Cash and equivalents	$ 5,435,888	$ 3,278,398
Cash and equivalents-restricted	763,301,603	1,132,057,953
Interest receivable	91,694,408	111,607,641
Investments held by trustee, at fair value	17,236,319	17,236,319
Loans receivable from qualified entities	128,467,471	140,139,852
Receivables and advances to qualified entities-net of allowance for doubtful accounts of $0 in 2011 and 2010.	1,083,869	3,398,903
Prepaid expenses and other assets	334,492	334,012
Total Current Assets	1,007,554,050	1,408,053,078
Noncurrent Assets:		
Loans receivable	4,358,059,958	4,463,010,011
Deferred debt issuance costs-net of accumulated amortization of $72,119,673 in 2011 and $58,235,932 in 2010	57,320,416	62,722,654
Other assets	14,146,830	6,439,364
Total Noncurrent Assets	4,429,527,204	4,532,172,029
TOTAL ASSETS	$ 5,437,081,254	$ 5,940,225,107
LIABILITIES		
Current Liabilities:		
Interest payable	$ 91,714,541	$ 111,666,666
Accounts payable and accrued expenses	126,523	257,625
Funds held for qualified entities	778,829,732	1,118,758,039
Notes payable-current	8,803,838	6,048,452
Bonds payable-current	118,302,633	132,830,400
Total Current Liabilities	997,777,267	1,369,561,182
Noncurrent Liabilities:		
Notes payable	28,921,821	82,804,241
Bonds payable	4,392,650,176	4,479,319,391
Deferred Outflow of Resources	14,146,830	6,439,364
Total Noncurrent Liabilities	4,435,718,827	4,568,562,996
Total Liabilities	5,433,496,094	5,938,124,178
NET ASSETS	3,585,160	2,100,929
TOTAL LIABILITIES AND NET ASSETS	$ 5,437,081,254	$ 5,940,225,107

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Interest	$ 217,732,188	$ 218,516,340
Fees	4,054,047	3,424,570
Total Operating Revenues	221,786,235	221,940,910
OPERATING EXPENSES		
Interest	202,330,046	213,497,383
Amortization of debt issuance costs	13,883,741	5,231,112
Administrative costs	916,947	1,127,489
Total Operating Expenses	217,130,734	219,855,984
OPERATING INCOME	4,655,501	2,084,926
OTHER FINANCING USES		
Allowance and expenditures for the City	2,375,378	830,527
Allowance and expenditures for Union Station	795,892	388,142
Total Other Financing Uses	3,171,270	1,218,669
INCREASE IN NET ASSETS	1,484,231	866,257
NET ASSETS		
Beginning of Year	2,100,929	1,234,672
End of Year	$ 3,585,160	$ 2,100,929

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING ACTIVITIES		
Fees received	$ 4,054,047	$ 3,424,570
Cash receipts (payments) from (for) salaries, admin & other exps	1,266,505	(2,099,331)
Net Cash Provided by Operating Activities	5,320,552	1,325,239
INVESTING ACTIVITIES		
Maturities of loans to qualified entities	712,741,103	737,675,430
Issuance of loans to qualified entities	(596,118,669)	(1,338,727,650)
(Increase) decrease in restricted cash and equivalents	368,756,350	(771,764,128)
Interest received on loans and investments	237,645,421	200,085,843
Net Cash Provided (Used) by Investing Activities	723,024,205	(1,172,730,505)
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuance	561,206,087	1,284,091,176
Debt issuance costs	(8,481,503)	(9,431,294)
Principal payments to reduce indebtedness	(713,530,103)	(872,212,587)
Transfers and expenditures for qualified entities	(343,099,577)	964,569,236
Interest paid on bonds and note payable	(222,282,171)	(194,961,055)
Net Cash Provided (Used) by Non-Capital Financing Activities	(726,187,267)	1,172,055,476
NET INCREASE IN CASH AND EQUIVALENTS	2,157,490	650,210
CASH AND EQUIVALENTS		
Beginning of Year	3,278,398	2,628,188
End of Year	$ 5,435,888	$ 3,278,398
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 4,655,501	$ 2,084,926
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of debt issuance costs	13,883,741	5,231,112
Change in prepaid expenses and other assets	2,314,554	(390,043)
Change in accounts payable	(131,102)	(581,799)
Interest income	(217,732,188)	(218,516,340)
Interest expense	202,330,046	213,497,383
Net Cash Provided by Operating Activities	$ 5,320,552	$ 1,325,239

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
- Citizens Energy Group

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.

The Bond Bank was established to develop infrastructure, promote education and tourism, and assist in the economic development of the City of Indianapolis. Accordingly, financial support is provided to certain city initiatives and properties. Such support indirectly maintains the credit rating of the bond bank, and helps it achieve its statutory purpose. Board approved financial support expenditures represent support of historical city properties and economic development initiatives.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Interest Rate Swap Agreements: The Bond Bank enters into interest rate swap agreements to modify interest rates on outstanding debt. The net interest expenditures resulting from these agreements are recorded in the financial statements. In addition, 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.

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, 2011, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	$ 383,575,076	$ 370,042,975
Money market funds	388,602,628	388,602,628
Commercial Paper	4,530,079	4,656,000
Guaranteed investment contracts	17,236,319	17,236,319
Cash	5,435,888	5,435,888
Total Cash and Investments	$ 799,379,990	$ 785,973,810

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)

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, 2011, 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	$370,042,975	$255,122,550	$114,920,425		
Commercial Paper	4,656,000	4,656,000			
Guaranteed investment contracts	17,236,319	17,236,319			
	$391,935,294	$277,014,869	$114,920,425		

Credit Risk Disclosure
The following table provides information on the credit ratings associated with the Bond Bank's investments at December 31, 2011:

Credit Ratings	**S&P**	**Fitch**	**Moody's**	**Fair Value**
U.S. Government agency Obligations	AA+	AAA	Aaa	$ 370,042,975
Chesham Finance CP	A-1	NR	P-1	4,656,000
FSA Cap Mgmt Serv LLC GIC	AA-	AAA	Aa3	16,172,359
AIG GIC (US Treasuries held as collateral)	AA+	AAA	Aaa	1,063,960
Total Rated Investments				$ 391,935,294

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, 2011:

U.S. Government	47%

Funds deposited under secured investment agreements earn fixed interest. At times, a portion of these investments are for the Tax Warrant Program. The agreements allow periodic withdrawals to meet the program's financing needs and expire upon extinguishment of the related Warrant Program note payable.

The Bond Bank's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Bond Bank places 84% of its cash and cash equivalents with primarily two financial institutions. At times, such amounts may be in excess of the FDIC insured limit. The Bond Bank has never experienced any losses related to these balances. All non-interest bearing cash balances were fully insured at December 31, 2011 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning January 1, 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and non-interest bearing cash balances may again exceed federally insured limits. Interest-bearing amounts on deposit in excess of federally insured limits at December 31, 2011 and 2010 are $391,788,516 and $556,557,032, respectively.

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, 2011 and 2010, represent loans in connection with certain original bond or note obligations as follows:

	2011	2010
City of Indianapolis Redevelopment District Bonds, Series 1991 A, with interest on current interest bonds at 6.00%; yields on capital appreciation bonds at 7.25%, refunded on March 10, 2011 by the City of Indianapolis Redevelopment District Tax Increment Revenue Multipurpose Bonds, Series 2011 A, representing amounts maturing August 1, 2024.		$30,805,000
Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2012 to 2017, with interest at 5.5%.	$70,960,000	80,725,000
Indianapolis-Marion County Building Authority Detention Center Bonds of 1989, maturing December 30, 2011 (but was not paid until January 5, 2012) to 2012, with interest at 8%.	2,825,000	4,080,000
Health and Hospital Corporation of Marion County Bonds of 1988, Series A, maturing June 30, 2012 to December 30, 2019, with interest at 7.4%.	13,815,000	15,045,000
Indianapolis-Marion County Building Authority Bonds, City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1992, Series A, maturing February 1, 2012 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.	44,010,000	56,215,000
City of Indianapolis Redevelopment District Bonds of 1993, Series A, maturing January 1, 2012 to 2013, with yields on capital appreciation bonds ranging from 6.25% to 6.30%.	12,730,000	19,095,000
City of Indianapolis Sanitary District Bonds of 1993, Series A, maturing January 1, 2012 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.	9,060,000	13,220,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis Flood Control District Bonds of 1993, Series A, maturing January 1, 2012 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.	$ 1,795,000	$ 2,610,000
City of Indianapolis Park District Bonds of 1993 Series A, maturing January 1, 2012 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.	3,860,000	5,630,000
City of Indianapolis Metropolitan Thoroughfare District Bonds of 1993, Series A, maturing January 1, 2012 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.	6,905,000	10,075,000
City of Indianapolis, Parks District Bonds, Series 2007 B, maturing January 1, 2012 to 2013, with interest rate at 0%.	199,000	299,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2007 B, maturing January 1, 2012 to 2013, with an interest rate at 0%.	357,000	536,000
City of Indianapolis, Flood Control District Bonds, Series 2007 B, maturing January 1, 2012 to 2013, with interest rate at 0%.	93,000	140,000
City of Indianapolis, Sanitary District Bonds, Series 2007 D, maturing January 1, 2012 to 2013, with interest rate at 0%.	468,000	703,000
City of Indianapolis Sanitary District Bonds, Series 1998 A, with interest at 3.5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount was limited to $23,000,000. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		12,765,000
Capital Improvement Board of Managers of Marion County Excise Taxes Revenue Bonds and Notes, Series 1999 A, with interest ranging from 4.75% and 5.00%, refunded on October 6, 2011 by the Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A, representing amounts maturing June 1, 2027		21,745,000
City of Indianapolis Redevelopment District Subordinate Tax Increment Revenue and Refunding Bonds Series 1999 A, maturing February 1, 2017 to 2029, yields on capital appreciation bonds ranging from 5.65% to 5.82%.	241,640,000	242,390,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis Sanitary District Bond, Series 2000 A, with interest at 3.5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount was limited to $32,000,000. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		$18,960,128
City of Indianapolis, Indiana Enhanced Emergency Telephone System Revenue Bonds, Series 2001, with interest at 5%, matured on July 1, 2011.		1,630,000
City of Indianapolis Sanitary District Revenue Bonds of 2001, with interest at 4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		30,003,287
Citizens Energy Group (formerly City of Indianapolis, Waterworks District) Revenue Bonds, Series 2002 A, maturing January 1, 2012 to 2014, with interest ranging from 5.0% to 5.5%. 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%.	$19,730,000	25,980,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2002, maturing January 10, 2012 to 2017, with interest ranging from 4.00% to 5.13%.	3,300,000	3,600,000
City of Indianapolis Sanitary District Revenue Bonds of 2002 B with interest at 4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement request were processed by the State.		31,534,823
City of Indianapolis Redevelopment District Annual Appropriation Revenue Bonds, Series 2002, maturing February 1, 2012, with an interest rate at 3.85%.	455,000	895,000
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, 2012 to 2033, with interest ranging from 4.63% to 5.63%.	93,515,000	96,835,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis-Marion County Building Authority Arrestee Processing Center Lease Rental Revenue Bonds of 2003, maturing January 15, 2012 to 2023, interest ranging from 3.75% to 5.00%.	$ 8,640,000	$ 9,200,000
City of Indianapolis, Park District Refunding Bonds, Series 2003 A, maturing January 1, 2012 to 2018, with an interest rate at 5.25%.	3,316,000	3,703,000
City of Indianapolis, Metropolitan Thoroughfare District Bonds, Series 2003 A, maturing January 1, 2012 to 2018, with an interest rate at 5.25%.	1,695,000	1,890,000
City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2003 A, maturing January 1, 2012 to 2018, with an interest rate at 5.25%.	5,933,000	6,624,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2003 A, maturing January 1, 2012 to 2018, with an interest rate at 5.25%.	7,787,000	8,695,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2003 A, maturing January 1, 2012 to 2018, with an interest rate at 5.25%.	1,544,000	1,728,000
City of Indianapolis IndyRoads Revenue Bonds, Series 2003, maturing January 1, 2012 to 2019, with interest ranging from 3.7% to 5.0%.	12,085,000	13,410,000
City of Indianapolis, Circle Block Project, Series 2004 B, maturing April 1, 2012 to 2030, with an interest rate adjusted weekly. The Series 2004 B Bonds may be converted to a fixed rate.	9,400,000	9,900,000
City of Indianapolis, Circle Block Project, Series 2004 C, maturing April 1, 2012 to 2039, with interest ranging from 4.00% to 5.38%.	19,070,000	19,215,000
City of Indianapolis, Fall Creek Project, Series 2004 A, maturing February 1, 2012 to 2028, with interest ranging from 4.2% to 5.4%.	11,640,000	12,020,000
City of Indianapolis, Sanitary District Bonds, Series 2004 A, with interest at 3.58%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		6,620,000
City of Indianapolis, Sanitary District Bonds, Series 2004 B, with interest at 4.13%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		20,729,278

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis Airport Authority Revenue Bonds, Series 2004 A, maturing January 1, 2012 to 2034, with interest ranging from 4.75% to 5.25%.	$201,810,000	$205,540,000
City of Indianapolis, Sanitary District Bonds Series 2004 J, with interest at 3.69%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		58,977,472
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, 2012 to August 1, 2014, with an interest rate Indexed to LIBOR.	11,050,000	14,650,000
City of Indianapolis, Pension Bonds of 2005, Series A maturing January 15, 2012 to 2022, with an interest rate ranging from 4.38% to 5.28%.	76,715,000	82,260,000
City of Indianapolis Airport Authority Revenue Bonds, Series 2005 A, maturing January 1, 2023 to 2033, with an interest rate ranging from 4.75% to 5.25%.	197,385,000	197,385,000
Health and Hospital Corporation of Marion County Series 2005, maturing January 1, 2012 to 2025, with an interest rate ranging from 4.00% to 5.25%.	23,190,000	24,210,000
Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Refunding Bonds, Series 2005 F, maturing January 1, 2012 to 2029, with interest ranging from 4% to 5%.	69,915,000	70,015,000
City of Indianapolis, Sanitary District Bonds, Series 2005 A, with interest at 2.9%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		77,156,385
Citizens Energy Group (formally 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, 2012 to July 15, 2021, with interest ranging from 4% to 5%.	12,795,000	13,790,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis, Stormwater District Bonds, Series 2006 A, maturing January 1, 2012 to 2026, interest ranging from 4% to 5%.	$40,515,000	$41,530,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 A, with interest at 3.08%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		30,011,542
Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2012 to 2037, with interest ranging from 4.00% to 5.25%.	305,255,000	305,910,000
Indianapolis Airport Authority Taxable Airport Revenue Bonds, Series 2006 B, maturing January 1, 2012 to 2013, with a fixed interest rate ranging from 5.53% to 5.59%.	17,545,000	31,180,000
City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, maturing February 1, 2012 to 2026, with a fixed interest rate ranging from 4% to 5%.	9,570,000	10,035,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2006 B, with interest at 2.9%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		30,655,282
2006 City Vehicle Lease Note, with interest at 3.94%, matured on November 3, 2011.		1,626,940
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 A, with interest ranging from 3% to 5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		32,060,000
Citizens Energy Group (formally 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, 2012 to 2035, with an interest rate of 5.9%.	71,970,000	72,775,000
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)

	2011	2010
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, 2012 to 2021, with interest ranging from 4.00% to 4.13%.	7,225,000	7,840,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2007 E, with interest at 4.4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		52,158,516
City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing February 1, 2012 to 2027, with interest ranging 5.64% to 6.21%.	4,970,000	5,160,000
City of Indianapolis, Sanitary District Net Revenue Refunding Bonds, Series 2007 I, with interest ranging from 4.00% to 4.75%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		7,230,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2012 to 2023, with an interest rate of 6.2%.	4,520,000	4,770,000
Citizens Energy Group (formally 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
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Bonds, Series 2007 B, maturing January 1, 2012 to 2038 with interest ranging 3.75% to 5.25%.	100,205,000	102,280,000
Facilities Revenue Bonds of 2007, maturing January 15, 2012 to July 15, 2021, with interest ranging 3.75% to 4.13%.	2,800,000	3,025,000
Lighthouse Academies Inc. of Indiana, Charter Schools Financing Notes of 2007, dated March 30, 2007, maturing January 1, 2012 to March 30, 2014, with an interest rate of 4.47%.	3,222,476	3,326,384
City of Indianapolis, Redevelopment Notes of 2007 (Ertel), dated August 30, 2007, maturing September 25, 2012, with an interest rate of 1.53%.	4,685,014	4,663,596
Series 2007 A Tax Revenue Note, dated April 26, 2007, with an interest rate of 3.79%, matured November 10, 2011.		230,740

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
Series 2007 B Tax Revenue Note, dated June 1, 2007, with an interest rate of 3.59%, matured November 10, 2011.		$ 376,864
City of Indianapolis, Redevelopment District Bonds, Series 2008 A, maturing February 1, 2012 to 2038, with interest ranging from 3.25% to 5.00%.	$58,875,000	59,450,000
City of Indianapolis, MECA General Obligation Bonds, Series 2008 B, maturing January 15, 2012 to 2024, with interest ranging from 3.0% to 5.6%.	35,030,000	37,115,000
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
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Bonds, Series 2009 A, maturing January 1, 2012 to 2038, with interest ranging from 4.00% to 5.63%.	559,890,000	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, 2012 to 2015, with interest ranging from 2.41% to 3.80%.	15,705,000	20,320,000
Fort Harrison Military Base Reuse District Tax Increment Revenue Revenue Bonds, Series 2009, maturing February 1, 2012 to 2026, with interest ranging from 2.5% to 5.0%.	10,240,000	10,540,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, with interest at 2.58%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. All funds remained in trust with the State of Indiana until disbursement requests were processed by the State.		26,992,564
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, maturing January 1, 2012 to 2015, with interest ranging from 2.75% to 4.00%.	1,965,000	2,420,000
City of Indianapolis, Redevelopment District Revenue Bonds, Series 2009 A, maturing January 1, 2012 to 2015, with interest ranging from 2.75% to 4.00%.	1,015,000	1,250,000
City of Indianapolis, Flood Control District Revenue Bonds, Series 2009 A, maturing January 1, 2012 to 2015, with interest ranging from 2.75% to 4.00%.	690,000	850,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
Indianapolis Public Transportation Corporation Revenue Bonds, Series 2009 A, maturing January 10, 2012 to 2016, with interest ranging from 2.75% to 4.00%.	$ 5,965,000	$ 7,025,000
City of Indianapolis, Building Authority Revenue Bonds, Series 2009 A, maturing January 1, 2012 to 2017, with interest ranging from 3.15% to 5.03%.	4,715,000	5,380,000
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	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	465,580,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2010 A, maturing February 1, 2012 to 2025, with interest at 5%.	6,695,601	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	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	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	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	350,000,000
City of Indianapolis, Sanitary District Limited Recourse Notes, Series 2010 A, with interest at 66% 1-month LIBOR plus 85 basis points, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		45,100,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Notes, Series 2010 B, maturing February 1, 2012 to August 1, 2030, with interest at 3.75%.	3,090,000	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	2,500,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2011	2010
City of Indianapolis, Economic Development Revenue Bonds, Series 2011 A, maturing February 1, 2021 to 2036, with interest at 5.25%.	$81,640,000	
City of Indianapolis, Economic Development Taxable Revenue Bonds, Series 2011 B, maturing February 1, 2015 to 2021, with interest ranging from 2.91% to 4.81%.	15,310,000	
City of Indianapolis, Redevelopment District Tax Increment Revenue Multipurpose Bonds, Series 2011 A, maturing February 1, 2012 to August 1, 2024, with interest ranging from 1% to 5%.	38,710,000	
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 A, maturing June 1, 2013 to 2021, with interest ranging from 3% to 5%.	35,035,000	
Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Bonds, Series 2011 A, maturing January 1, 2012 to 2041, with interest ranging from 2.00% to 5.13%.	58,790,000	
City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2011 C, maturing February 1, 2015 to 2036, with interest ranging from 3.00% to 5.75%.	25,425,000	
City of Indianapolis, Stormwater District Bonds, Series 2011, maturing January 1, 2012 to 2041, with an interest rate at 3.58%.	16,570,000	
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 B, maturing June 1, 2022 to 2027, with an interest rate at 5%.	20,010,000	
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A, maturing June 1, 2012 to 2027, with interest ranging from 3% to 5%.	205,045,000	
	4,573,818,260	4,721,775,971
Less: Unamortized discount/premium	(87,290,831)	(118,626,108)
	4,486,527,429	4,603,149,863
Less: Current Portion of Loans Receivable	(128,467,471)	(140,139,852)
Long-term Portion of Loans Receivable	$4,358,059,958	$4,463,010,011

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, 2011 and 2010, are summarized as follows:

	2011	2010
Series 1991 A Bonds, with yields on capital appreciation bonds at 7.25%. Bonds were partially defeased in 2001. Refunded on March 10, 2011 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011 C, representing amounts maturing August 1, 2024.		$10,050,000
Series 1992 B Bonds, maturing January 10, 2012 to 2020, with an interest rate at 6%.	$18,550,000	21,160,000
Series 1992 D Bonds, maturing February 1, 2012 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.	44,010,000	56,215,000
Series 1993 A Bonds, maturing January 10, 2012 to 2013, with yields on capital appreciation bonds ranging from 6.25% to 6.30%. During 1998, defeased $148,615,000 of current interest bonds maturing January 10, 2006 through 2018. During 2003, defeased $39,300,000 of interest bonds maturing January 10, 2004 through 2018.	12,730,000	19,095,000
Series 1995 A Refunding Bonds, maturing January 1, 2012 to July 1, 2013, with interest ranging from 5.3% to 6.5%. The carrying value of the debt represents the $21,095,000 and $30,690,000 of the Series 1995 A Refunding Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized loss on defeasance of $178,034 and $523,220 at December 31, 2011 and 2010, respectively. During 2004, $50,035,000 was refunded using the proceeds of Series 2004 F Bonds.	20,916,966	30,166,780
Series 1998 A Refunding Bonds, maturing February 1, 2012 to 2013, with interest ranging from 5.25% to 5.50%. The carrying value of the debt represents the $22,825,000 and $33,305,000 of the Series 1998 A Refunding Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized loss on defeasance of $78,512 and $231,415 at December 31, 2011 and 2010, respectively.	22,746,488	33,073,585
Series 1998 E Bonds, with interest at 3.5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount limited to $23,000,000.		12,765,000
Series 1999 B Bonds, with interest ranging from 4.75% to 5.00%, refunded on October 6, 2011 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011 K, representing amounts maturing June 1, 2027.		21,745,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 1999 E Refunding Bonds, maturing February 1, 2017 to 2029, yields on capital appreciation bonds ranging from 5.65% to 5.82%. During 2002, defeased $27,000,000 of amounts maturing February 1, 2029.	$241,640,000	$242,390,000
Series 2000 B Bonds, with interest at 3.5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount limited to $32,000,000.		18,960,128
Series 2001 C Bonds, with interest ranging from 4.9% to 5.5%. The carrying value of the debt represented the $21,535,000 of the Series 2001 C Refunding Bonds outstanding at December 31, 2010, net of unamortized loss on defeasance of $248,395 at December 31, 2010. Refunded on March 10, 2011 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011 C, representing amounts maturing August 1, 2024.		21,286,605
Series 2001 D Bonds, with interest at 5%, matured on July 1, 2011.		1,630,000
Series 2001 E Bonds, with interest at 4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		30,003,287
Series 2002 A Bonds, maturing January 1, 2012 to 2014, with interest ranging from 5.0% to 5.5%, 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 $19,730,000 and $25,980,000 of the Series 2002 A Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized gain on defeasance of $23,211 and $50,181 at December 31, 2011 and 2010, respectively.	19,753,211	26,030,181
Series 2002 C Bonds, maturing January 10, 2012 to 2017, with interest ranging from 4.00% to 5.13%.	3,300,000	3,600,000
Series 2002 D Bonds, with interest at 4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		31,534,823
Series 2002 E Bonds, maturing February 1, 2012, with interest at 3.85%.	455,000	895,000
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, 2012 to 2033, with interest ranging from 4.63% to 5.63%.	93,515,000	96,835,000
Series 2003 B Bonds, maturing January 15, 2012 to 2023, with interest ranging from 3.75% to 5.00%.	8,640,000	9,200,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 2003 D Bonds, maturing January 10, 2012 to 2018, with interest at 5.25%. The carrying value of the debt represents the $20,275,000 and $22,640,000 of the Series 2003 D Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized loss on defeasance of $52,417 and $68,780 at December 31, 2011 and 2010, respectively.	$20,222,583	$22,571,220
Series 2003 E Bonds, maturing January 1, 2012 to 2019, with interest ranging from 3.7% to 5.0%.	12,085,000	13,410,000
Series 2004 B Bonds, maturing April 1, 2012 to 2030, with an interest rate adjusted weekly (see Note 7).	9,400,000	9,900,000
Series 2004 C Bonds, maturing April 1, 2012 to 2039, with interest ranging from 4.00% to 5.38%.	19,070,000	19,215,000
Series 2004 E Bonds, maturing February 1, 2012 to 2028, with interest ranging from 4.2% to 5.4%.	11,640,000	12,020,000
Series 2004 G Bonds, with interest at 3.58%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount limited to $8,600,000.		6,620,000
Series 2004 H Bonds, with interest at 4.13%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks. Aggregate principal amount limited to $25,000,000.		20,729,278
Series 2004 I Bonds, maturing January 1, 2012 to 2034, with interest ranging from 4.75% to 5.25%.	201,810,000	205,540,000
Series 2004 J Bonds, with interest at 3.69%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		58,977,472
Series 2005 A Bonds, maturing January 15, 2012 to 2022 with interest ranging from 4.38% to 5.28%.	76,715,000	82,260,000
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, 2012 to 2025, with interest ranging from 4.00% to 5.25%.	23,190,000	24,210,000
Series 2005 E Bonds, maturing January 1, 2012 to 2017, with interest ranging from 4% to 5%.	50,070,000	50,120,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 2005 F Bonds, maturing January 1, 2012 to 2029, with interest ranging from 4% to 5%. The carrying value of the debt represents $69,915,000 and $70,015,000 of the Series 2005 F Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized gain on defeasance of $435,074 and $557,319 at December 31, 2011 and 2010, respectively.	$70,350,074	$70,572,319
Series 2005 I Bonds, with interest at 2.9%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		77,156,385
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, 2012 to July 15, 2021, with interest ranging from 4% to 5%.	12,795,000	13,790,000
Series 2006 D Bonds, maturing January 1, 2012 to 2026, with interest ranging from 4% to 5%.	40,515,000	41,530,000
Series 2006 E Bonds, with interest at 3.08%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		30,011,542
Series 2006 F Bonds, maturing January 1, 2012 to 2037, with interest ranging from 4.00% to 5.25%.	305,255,000	305,910,000
Series 2006 G Bonds, maturing January 1, 2012 to 2013, with interest ranging from 5.53% to 5.59%.	17,545,000	31,180,000
Series 2006 H Bonds, maturing February 1, 2012 to 2026, with interest ranging from 4% to 5%.	9,570,000	10,035,000
Series 2006 I Bonds, with an interest at 2.9%, closed out on August 26, 2011 with Citizens Energy Group's purchase of The City of Indianapolis' Department of Waterworks.		33,195,000
Series 2007 A Bonds, with interest ranging from 3% to 5%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		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, 2011 and 2010, net of unamortized gain on defeasance of $126,002 and $136,936 at December 31, 2011 and 2010, respectively.	70,536,002	70,546,963
Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2012 to 2035, with an interest rate at 5.9%.	71,970,000	72,775,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
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, 2012 to 2021, with interest ranging from 4.00% to 4.13%. The carrying value of the debt represents $7,225,000 and $7,840,000 of the Series 2005 F Bonds outstanding at December 31, 2011 and 2010, respectively, net of unamortized gain on defeasance of $4,087 and $4,983 at December 31, 2011 and 2010, respectively.	7,229,087	7,844,983
Series 2007 F Bonds, with interest at 4.4%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		73,440,250
Glendale Mall Taxable Bonds, 2007 G, maturing February 1, 2012 to 2027, with interest ranging from 5.64% to 6.21%.	4,970,000	5,160,000
Series 2007 I, Refunding Bonds, with interest ranging from 4.00% to 4.75%. The carrying value of the debt represented $7,230,000 of the Series 2005 F Bonds outstanding at December 31, 2010 net of unamortized gain on defeasance of $230 at December 31, 2010. Closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		7,230,230
Series 2007 K Bonds, maturing February 1, 2012 to 2023, with an interest rate at 6.2%.	4,520,000	4,770,000
Series 2007 L Bonds, maturing January 1, 2012 to 2038, with interest ranging from 3.75% to 5.25%.	101,705,000	103,780,000
Series 2007 M Bonds, maturing January 15, 2012 to July 15, 2021, with interest ranging from 3.75% to 4.13%.	2,800,000	3,025,000
Series 2008 A Bonds, maturing February 1, 2012 to 2038, with interest ranging from 3.25% to 5.00%.	58,875,000	59,450,000
Series 2008 B Bonds, maturing January 15, 2012 to 2024, with interest ranging from 3.0% to 5.6%.	35,030,000	37,115,000
Series 2009 A Bonds, maturing January 1, 2012 to 2038, with interest ranging from 4.00% to 5.63%.	559,890,000	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, 2012 to 2015, with interest ranging from 2.41% to 3.80%.	15,705,000	20,320,000
Series 2009 D Bonds, maturing February 1, 2012 to 2026, with interest ranging from 2.5% to 5.0%.	10,240,000	10,540,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 2009 E Bonds, with interest at 2.58%, closed out on August 26, 2011 with Citizens Energy Group's purchase of the City of Indianapolis' Department of Waterworks.		$32,050,000
Series 2009 F Bonds, maturing February 1, 2012 to 2017, with interest ranging from 2.75% to 5.03%.	$14,350,000	16,925,000
Series 2010 A Bonds, maturing January 15, 2013 to 2040, with interest ranging from 4% to 6%.	195,000,000	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	465,580,000
Series 2010 C Bonds, maturing February 1, 2012 to 2025, with an interest rate at 5%.	6,695,601	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	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	5,045,000
Series 2010 F Bonds, maturing January 1, 2019 to 2040, with interest ranging from 4.13% to 5.00%.	159,515,000	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	350,000,000
Series 2011 A Bonds, maturing February 1, 2021 to 2036, with interest at 5.25%.	81,640,000	
Series 2011 B Bonds, maturing February 1, 2015 to 2021, with interest ranging from 2.91% to 4.81%.	15,310,000	
Series 2011 C Bonds, maturing February 1, 2012 to 2024, with interest ranging from 1% to 5%.	38,710,000	
Series 2011 D Bonds, maturing June 1, 2013 to 2021, with interest ranging from 3% to 5%.	35,035,000	
Series 2011 E Bonds, maturing January 1, 2012 to 2041, with interest ranging from 2.00% to 5.13%.	58,790,000	
Series 2011 F Bonds, maturing February 1, 2015 to 2036, with interest ranging from 3.00% to 5.75%.	25,425,000	
Series 2011 H Bonds, maturing January 1, 2012 to 2041, with interest at 3.58%.	16,570,000	

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 2011 I Bonds, maturing June 1, 2022 to 2027, with interest at 5%.	20,010,000	
Series 2011 K Bonds, maturing June 1, 2012 to 2027, interest ranging from 3% to 5%.	205,045,000	
	4,538,575,012	4,664,472,032
Plus/(Less): Deferred charges	(279,411)	322,134
	4,538,295,601	4,664,794,166
Less: Unamortized discount/premium	(27,342,792)	(52,644,375)
	4,510,952,809	4,612,149,791
Less: Current Portion of Bonds of Payable	(118,302,633)	(132,830,400)
Long-term Portion of Bonds Payable	$4,392,650,176	$4,479,319,391

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

The Bond Bank's notes payable at December 31, 2011 and 2010, are summarized as follows:

	2011	2010
Series 2004 A–C, dated October 28, 2004, maturing February 1, 2012 to 2017, with interest at LIBOR (see Note 6).	$19,228,169	$22,828,169
2006 City Vehicle Lease, dated November 10, 2006, with an interest rate at 3.94%, matured November 3, 2011.		1,626,940
Series 2007 A Notes, dated March 30, 2007, maturing January 1, 2012 to March 30, 2014, with an interest rate at 4.47%.	3,222,476	3,326,384
Series 2007 D Notes, dated August 30, 2007, maturing September 25, 2012, with an interest rate at 1.53%.	4,685,014	4,663,596
Series 2007 A Tax Revenue Note, dated April 26, 2007, with an interest rate at 3.79%, matured November 10, 2011.		230,740
Series 2007 B Tax Revenue Note, dated June 1, 2007, with an interest rate at 3.59%, matured November 10, 2011.		376,864
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 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, 2012 to August 1, 2030, with an interest rate at 3.75%.	3,090,000	3,200,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2011	2010
Series 2010 C Notes dated July 30, 2010, maturing July 30, 2015, with an interest rate at 3.92%.	2,500,000	2,500,000
	37,725,659	88,852,693
Less: Current Portion of Notes Payable	(8,803,838)	(6,048,452)
Long-term Portion of Notes Payable	$ 28,921,821	$ 82,804,241

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, 2011 and 2010, by private insurance policies.

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

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2011, are summarized as follows:

Payable In	Principal	Interest	Debt Service
2012	$ 127,106,471	$ 199,257,816	$ 326,364,287
2013	152,473,856	194,229,169	346,703,025
2014	158,210,295	192,871,456	351,081,751
2015	156,164,745	186,831,583	342,996,328
2016	166,848,910	179,515,109	346,364,019
2017-2021	823,162,799	781,716,809	1,604,879,608
2022-2026	903,679,184	597,671,914	1,501,351,098
2027-2031	856,900,000	410,151,852	1,267,051,852
2032-2036	833,060,000	213,210,160	1,046,270,160
2037-2041	398,415,000	34,305,306	432,720,306
2042-2046			
	4,576,021,260	2,989,761,174	7,565,782,434
Less: Unamortized discount on bonds	(27,342,792)		(27,342,792)
	$4,548,678,468	$2,989,761,174	$7,538,439,642

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

The Bond Bank's bonds and notes payable rollforward schedules at December 31, 2011 and 2010, are summarized as follows:

	BONDS	NOTES
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	$ 88,852,693
Add: Change In Unamortized Discount/Premium	25,741,494	
Total Outstanding Debt 12/31/10	$ 4,612,149,791	$ 88,852,693
Total Additions 2011	505,476,085	30,428,418
Total Deductions 2011	(631,974,650)	(81,555,452)
Outstanding Debt	$ 4,485,651,226	$ 37,725,659
Add: Change In Unamortized Discount/Premium	25,301,583	
Total Outstanding Debt 12/31/11	$ 4,510,952,809	$ 37,725,659

NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to $588,925,000 as of December 31, 2011, and $895,425,000 as of December 31, 2010.

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, 2011, 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.

NOTE 6 – SWAP AGREEMENTS (CONTINUED)

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*
2004C Notes – Redevelopment District	8,050,000	4/23/2003	4.270%	100% of USD-LIBOR-BBA	(331,283)	2/1/2013	A-/A-/A3
2010L – Indianapolis Airport Authority	50,000,000	12/21/2010	3.942%	75% of USD-LIBOR-BBA	(13,815,547)	1/1/2033	AA-/AA-/Aa3
Total	$ 58,050,000				$ (14,146,830)		

Fair Value: Because interest rates declined, all swaps had a negative fair value as of December 31, 2011. 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, 2011, 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 86% of the notional amount of swaps outstanding, is held by one counterparty. That counterparty is rated AA-/AA-/Aa3.

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, 2011, the SIFMA rate was 0.15%, whereas 1 month LIBOR was 0.28% and 5 year LIBOR was 1.25%.

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.

NOTE 6 – SWAP AGREEMENTS (CONTINUED)

Swap Payments and Associated Debt: As of December 31, 2011, 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***
2012	$ 3,900,000	$ 580,564	$ 2,052,966	$ 6,533,530
2013	4,150,000	523,689	1,888,993	6,562,682
2014		518,833	1,800,179	2,319,012
2015		518,833	1,800,179	2,319,012
2016		518,833	1,800,179	2,319,012
2017-2021		2,594,167	9,000,896	11,595,063
2022-2026	12,300,000	2,343,363	8,130,689	22,774,052
2027-2031	25,455,000	1,191,605	4,134,472	30,781,077
2032-2036	12,245,000	65,218	226,283	12,536,501
Total	$ 58,050,000	$ 8,855,105	$ 30,834,836	$ 97,739,941

NOTE 7 – VARIABLE RATE DEMAND BONDS

Included in bonds payable is $9,400,000 of Series 2004B variable rate demand bonds maturing serially at various dates from April 1, 2012 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.

NOTE 7 – VARIABLE RATE DEMAND BONDS (CONTINUED)

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.

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

The Bond Bank has entered into a SBPA with Dexia Credit Local to buy any bonds that are "put" back by the remarketing agents. If the bonds are Bank Bonds for a period of 180 days from the purchase date, the Bank Bonds convert to an installment loan payable over a seven-year period bearing an adjustable interest rate equal to the bank's rate per annum equal to (a) for the period from and including the Bank Purchase Date to and including the sixtieth day thereafter, the greater of (i) the Base Rate from time to time in effect and (ii) the maximum bond interest rate, (b) for the period from and including the date which is the sixty-first day immediately following the related Bank Purchase Date to and including the one hundred and eighth day, the Base Rate from time to time in effect plus 1.0%, and (c) from the one hundred and eighty-first day immediately following the Bank Purchase Date and thereafter, the Base Rate from time to time in effect plus 2%. Base Rate means, for any day, a rate per annum equal to the higher of (a) the Fed Funds Rate plus 0.50% per annum, and (b) the Prime Rate. The SBPA expired 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, 2011 and 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 $44,277 in 2011 and $44,003 in 2010. 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 – CITIZENS ENERGY GROUP TRANSACTION

On August 26, 2011, the City of Indianapolis closed on two Asset Purchase Agreements with Citizens Energy Group which resulted in the transfer of the City of Indianapolis' Waterworks production and distribution systems, and wastewater collection and treatment systems to the Department of Public Utilities for the City of Indianapolis, d/b/a Citizen's Energy Group (CEG), a public charitable trust. A portion of the consideration included in the asset purchase agreements was the assumption and subsequent funding by CEG of sixteen obligations of the qualified entity – the City of Indianapolis' Sanitary District. The sixteen obligations included twelve State Revolving Fund (SRF) bonds, two Sanitary District bonds, and two Sanitary District notes. These obligations either did not have pre-payment penalties, or CEG deposited funds in escrow to pay the bonds as they mature in the future. Accordingly, obligations totaling approximately $525 million, related receivables from the qualified entity, unamortized bond issue costs, premium/discounts, accrued interest and restricted cash held in trust associated with these obligations were removed from the books of the Bond Bank in 2011.

Subsequent to the transaction, CEG became a qualified entity of the Bond Bank. Seven obligations totaling approximately $958 million remaining on the Bond Bank's books that had formerly been obligations of the City of Indianapolis' Waterworks District were converted to the new qualified entity, Citizens Energy Group. In addition, six obligations involving the City of Indianapolis' Sanitary District were excluded from the transaction. In most cases, the obligations include multiple qualified entities, including the Sanitary District.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 15, 2012, the date on which the financial statements were available to be issued.

In February 2012, the Bond Bank issued Series 2012 A Bonds in the amount of $3,100,000 to purchase the Indianapolis Public Transportation Corporation General Obligation Refunding Bonds, Series 2012 A, the proceeds of which will be used to allow for the redemption of the Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2002. The bonds bear interest at 2.05%, and mature January 10, 2017.

In May 2012, the Bond Bank issued Series 2012 B Bonds in the amount of $43,970,000 to purchase the Marion County Convention and Recreational Facilities Authority Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2012 A, the proceeds of which will be used to allow for the redemption of the qualified entity's Series 2003 A Bonds. (The 2003 A Senior MCCRFA Bonds were not issued by the Indianapolis Local Public Improvement Bond Bank.) The bonds bear interest that varies between 0.87% and 3.06%, and mature June 1, 2021.