



**THE INDIANAPOLIS LOCAL PUBLIC
IMPROVEMENT BOND BANK**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2015 and 2014

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

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Independent Auditors' Report

Board of Directors
The Indianapolis Local Public Improvement Bond Bank

Report on the Financial Statements

We have audited the accompanying financial statements of The Indianapolis Local Public Improvement Bond Bank (Bond Bank), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of The Indianapolis Local Public Improvement Bond Bank as of December 31, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedules of the Bond Bank's proportionate share of the net pension liability and of the Bond Bank's contributions on pages 39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2016, on our consideration of The Indianapolis Local Public Improvement Bond Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Indianapolis Local Public Improvement Bond Bank's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
July 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2015

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 year ended December 31, 2015. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

- For 2015, expenses exceeded revenues by \$500 thousand, which is reflected in the decrease in net position.
- Total assets decreased from \$4.44 billion at December 31, 2014 to \$4.41 billion at December 31, 2015. This is a decrease of approximately \$30 million. This decrease occurred primarily in loans receivable.
- During 2015, the Bond Bank issued \$311.1 million in new and refunding bonds.
- The Bond Bank issued \$19.1 million in new notes in 2015.
- In 2015, the Bond Bank refunded bonds and notes of \$251.8 million. Also, the Bond Bank made principal payments of \$157.6 million on bonds payable. The Bond Bank made no principal payments on notes payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Bond Bank's basic financial statements. The Bond Bank is an instrumentality of the City of Indianapolis and is maintained as a Proprietary Fund. Proprietary Funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, Proprietary Funds must be used in situations where debt is backed solely by fees and charges. A Proprietary Fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting.

The Bond Bank's financial statements include statements of net position, statements of revenues, expenses and changes in net position, 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 position* present information on all of the Bond Bank's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *statements of revenues, expenses and changes in net position* present information showing how the Bond Bank's net position changed during each year. All changes in net position 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 9 to 11 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 through 38 of this report.

FINANCIAL ANALYSIS

The Bond Bank adopted GASB No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68). GASB No. 68 requires the Bond Bank to measure and recognize assets and liabilities, deferred outflows and inflows, and expenses for the pension obligation as a participating employer in the Indiana Public Retirement System (INPRS). The adoption of GASB No. 68 resulted in a restatement of net position as of December 31, 2013, resulting in a decrease in net position of \$437,486 from balances previously reported, comprised of a noncurrent net pension liability of \$482,936 and a deferred outflow of resources of \$45,450. At December 31, 2015, the Bond Bank had a net pension liability of \$587,720, deferred outflows of resources of \$223,136, and deferred inflows of resources of \$94,795 related to the pension.

The following is a reconciliation of net position at December 31, 2014 and 2013:

	2014	2013
Net position, as previously reported	\$6,898,609	\$8,546,452
Decrease in net position due to adoption of GASB No. 68	<u>(437,486)</u>	<u>(437,486)</u>
Net Position, as Restated	<u>\$6,461,123</u>	<u>\$8,108,966</u>

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Bond Bank, assets and deferred outflows exceeded liabilities and deferred inflows by \$6.0 million at the close of the most recent fiscal year.

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

	2015	December 31, 2014	2013
Current assets	\$ 445,097	\$ 408,360	\$ 473,371
Noncurrent assets	<u>3,966,718</u>	<u>4,030,487</u>	<u>4,157,012</u>
Total Assets	<u>4,411,815</u>	<u>4,438,847</u>	<u>4,630,383</u>
Deferred Outflows of Resources	<u>37,718</u>	<u>36,880</u>	<u>22,388</u>
Current liabilities	428,002	388,928	455,610
Long-term liabilities	<u>4,015,357</u>	<u>4,080,048</u>	<u>4,188,754</u>
Total Liabilities	<u>4,443,359</u>	<u>4,468,976</u>	<u>4,644,364</u>
Deferred Inflows of Resources	<u>211</u>	<u>290</u>	<u>298</u>
Net Position	<u>\$ 5,963</u>	<u>\$ 6,461</u>	<u>\$ 8,109</u>

FINANCIAL ANALYSIS (CONTINUED)

Typically, loans receivable has increased year to year, as the Bond Bank issues 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 recent years, the pay down of bonds and notes payable has exceeded new issuances of debt.

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

	Year Ended December 31,		
	2015	2014	2013
Operating Revenues:			
Interest	\$177,354	\$189,035	\$192,848
Fees	2,922	2,905	3,376
Other	11	164	796
Total Operating Revenues	<u>180,287</u>	<u>192,104</u>	<u>197,020</u>
Operating Expenses:			
Interest	176,508	187,718	189,605
Administrative costs	1,821	1,863	1,762
Total Operating Expenses	<u>178,329</u>	<u>189,581</u>	<u>191,367</u>
Operating Income	1,958	2,523	5,653
Other Financing Uses	<u>(2,456)</u>	<u>(4,171)</u>	<u>(1,409)</u>
Increase (decrease) in net position	(498)	(1,648)	4,244
Net Position – Beginning of Year - Restated	<u>6,461</u>	<u>8,109</u>	<u>3,865</u>
Net Position – End of Year	<u>\$ 5,963</u>	<u>\$ 6,461</u>	<u>\$ 8,109</u>

The Bond Bank's net position decreased by approximately \$498K during the current fiscal year. Key elements of this decrease are as follows:

Total operating revenues decreased by \$11.81 million. Interest income is received on loans receivable, as well as investments, and decreased \$11.68 million.

Total operating expenses decreased by \$11.25 million. Interest expense on bonds payable decreased \$11.21 million. The remainder of the operating expenses consists of administrative expenses, trustee fees and professional fees and decreased \$.04 million.

Total other financing uses decreased by \$1.71 million.

The amounts above include all trust activity, whose revenues and expenses, primarily interest-related, depend solely on the timing and payment structure of the bond and note issues. Remove all trust activity, and the Bond Bank's day-to-day operational division remains. The Bond Bank's operations experienced an overall net loss of \$253K in 2015 and an overall net profit of \$37K in 2014.

FINANCIAL ANALYSIS (CONTINUED)

The Bond Bank provides financial support to certain City of Indianapolis initiatives and properties. Amongst others, they include Develop Indy, which offers a number of strategic resources to develop company expansion and attraction in Indianapolis; Indianapolis Downtown Inc., which develops, manages and markets downtown Indianapolis; Union Station, which leases out space for a wide variety of purposes, including retail and office use; Greater Indianapolis Progress Committee, which helps fund various programs and events such as the National Urban Fellows Program, Black Expo, and Diversity Awards; Central Indiana Community Foundation’s Enterprise Community Fund, which helps support the City’s street lighting operating fund; the Indianapolis Motor Speedway’s 2015 Grand Prix; and the Indy Eleven’s 2015 Women’s World Cup viewing party.

The Bond Bank is able to help fund these initiatives, amongst others, with the revenue it generates via new issuance fees and its yearly continual fees on the outstanding debt balance of each bond or note issue at the beginning of the year (ranging from 10 to 2.6 basis points in 2015). The fee revenue earned from bond issues in which the City of Indianapolis serves as the qualified entity is offset by the monetary assistance the Bond Bank then provides back to the City. In 2015, the financial support supplied to just the seven aforementioned initiatives and properties above exceeded the fee revenues earned from bond and note issues in which the City of Indianapolis is the qualified entity, resulting in a net loss of \$215 thousand. In 2014, the financial support also exceeded fee revenues, resulting in a net loss of \$155 thousand.

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 \$4.15 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,	
	2015	2014	2013
Bonds payable	\$4,133,797	\$4,200,613	\$4,315,155
Notes payable	19,100	2,500	33,863

During 2015, the Bond Bank issued \$311.1 million in new and refunding bonds and \$19.1 million in new notes payable.

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

Bond Series 2015 A (\$35,000,000) was used to purchase the City of Indianapolis, Indiana IndyRoads Revenue Bonds, Series 2015 A. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 A Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 B (\$17,915,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Refunding Bonds, Series 2005 D. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 B Bonds as well as certain program expenses of the Bond Bank.

DEBT ADMINISTRATION (CONTINUED)

Bond Series 2015 C (\$10,900,000) was used to purchase the City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2015 A. The Authority refunded the outstanding principal amounts of the City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Variable Rate Demand Tax Increment and Revenue Bonds, Series 2000. The Series 2000 Bonds were not issued by the Indianapolis Local Public Improvement Bond Bank. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2015 C Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 D (\$7,695,000) was used to refund the outstanding principal amounts of the City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, as well as to obtain the City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Refunding Bonds, Series 2015 B. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2015 D Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 E (\$35,000,000) was used to purchase the City of Indianapolis, Indiana IndyRoads Revenue Bonds, Series 2015 B. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 E Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 F (\$1,500,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2010 C, as well as to purchase the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 2015. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2015 F Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 H (\$14,885,000) was to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011 H. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 H Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 I (\$178,690,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2005 B, as well as to obtain the Indianapolis Airport Authority Series 2015 A Refunding Bonds. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 I Bonds as well as certain program expenses of the Bond Bank.

Bond Series 2015 K (\$9,485,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2006 B and the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2007 M, as well as to obtain the City of Indianapolis Facility Revenue Bonds, Series 2015. A portion of the proceeds was used to pay the cost of issuance of the Series 2015 K Bonds as well as certain program expenses of the Bond Bank.

Note Series 2015 A (\$7,100,000) was used to purchase the City of Indianapolis, Indiana Economic Development Tax Increment Revenue Notes, Series 2015 A (Broadripple and Tarkington Park Projects). A portion of the proceeds was used to pay the cost of issuance of the Series 2015 A Notes as well as certain program expenses of the Bond Bank.

Note Series 2015 B (\$12,000,000) was used to purchase the City of Indianapolis, Indiana Taxable General Revenue Notes, Series 2015 (Criminal Justice Center Project). A portion of the proceeds was used to pay the cost of issuance of the Series 2015 B Notes as well as certain program expenses of the Bond Bank.

More detailed information about the Bond Bank's debt is presented in Note 4 to the financial statements.

REQUESTS OF 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.

FINANCIAL STATEMENTS

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

**STATEMENTS OF NET POSITION
December 31, 2015 and 2014**

	2015	Restated 2014
ASSETS		
Current Assets:		
Cash and equivalents	\$ 5,378,775	\$ 3,768,991
Cash and equivalents-restricted	172,719,885	139,647,728
Interest receivable	76,415,533	82,448,739
Investments held by trustee, at fair value	16,172,359	16,172,359
Loans receivable from qualified entities	173,153,741	163,166,745
Receivables and advances to qualified entities-net of allowance for doubtful accounts of \$33,612 in 2015 and \$54,757 in 2014	906,605	2,793,710
Prepaid expenses and other assets	349,928	361,785
Total Current Assets	<u>445,096,826</u>	<u>408,360,057</u>
Noncurrent Assets:		
Loans receivable	3,966,718,475	4,030,486,896
Total Noncurrent Assets	<u>3,966,718,475</u>	<u>4,030,486,896</u>
TOTAL ASSETS	<u>4,411,815,301</u>	<u>4,438,846,953</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources related to pension	223,136	53,950
Accumulated decrease in fair value of hedging derivatives	37,494,794	36,825,648
Total Deferred Outflows of Resources	<u>37,717,930</u>	<u>36,879,598</u>
LIABILITIES		
Current Liabilities:		
Interest payable	75,394,533	81,362,858
Accounts payable and accrued expenses	129,052	187,026
Funds held for qualified entities	176,855,310	147,093,758
Notes payable-current		2,500,000
Bonds payable-current	175,622,741	157,784,745
Total Current Liabilities	<u>428,001,636</u>	<u>388,928,387</u>
Noncurrent Liabilities:		
Notes payable	19,100,000	
Bonds payable	3,958,174,462	4,042,827,807
Net pension liability	587,720	393,927
Derivative instrument - rate swap	37,494,794	36,825,648
Total Noncurrent Liabilities	<u>4,015,356,976</u>	<u>4,080,047,382</u>
Total Liabilities	<u>4,443,358,612</u>	<u>4,468,975,769</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of resources related to pension	94,795	97,509
Deferred gain on refunding of debt	116,430	192,150
Total Deferred Inflows of Resources	<u>211,225</u>	<u>289,659</u>
NET POSITION	<u>\$ 5,963,394</u>	<u>\$ 6,461,123</u>

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2015 and 2014

	2015	Restated 2014
OPERATING REVENUES		
Interest	\$ 177,353,899	\$ 189,035,072
Fees	2,921,839	2,904,830
Other	11,348	164,376
Total Operating Revenues	<u>180,287,086</u>	<u>192,104,278</u>
OPERATING EXPENSES		
Interest	176,507,500	187,718,125
Administrative costs	1,821,087	1,863,434
Total Operating Expenses	<u>178,328,587</u>	<u>189,581,559</u>
OPERATING INCOME	<u>1,958,499</u>	<u>2,522,719</u>
OTHER FINANCING USES		
Allowance and expenditures for the City	2,257,355	3,809,781
Allowance and expenditures for Union Station	198,873	360,781
Total Other Financing Uses	<u>2,456,228</u>	<u>4,170,562</u>
DECREASE IN NET POSITION	(497,729)	(1,647,843)
NET POSITION		
Beginning of Year	<u>6,461,123</u>	<u>8,108,966</u>
End of Year	<u>\$ 5,963,394</u>	<u>\$ 6,461,123</u>

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014

	2015	Restated 2014
OPERATING ACTIVITIES		
Fees received	\$ 2,921,839	\$ 2,904,830
Cash payments for salaries, administrative and other expenses	<u>(1,833,963)</u>	<u>(1,631,024)</u>
Net Cash Provided by Operating Activities	<u>1,087,876</u>	<u>1,273,806</u>
INVESTING ACTIVITIES		
Maturities of loans to qualified entities	379,591,745	394,812,929
Issuance of loans to qualified entities	(333,678,211)	(246,001,968)
Decrease in investments		1,063,960
Interest received on loans and investments	<u>183,387,105</u>	<u>191,256,257</u>
Net Cash Provided by Investing Activities	<u>229,300,639</u>	<u>341,131,178</u>
NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuance	367,067,287	245,733,907
Deferred gain on refunding of debt	(75,720)	(105,412)
Principal payments to reduce indebtedness	(409,414,745)	(394,347,929)
Transfers and expenditures for qualified entities	29,192,429	(45,047,544)
Interest paid on bonds and note payable	<u>(182,475,825)</u>	<u>(189,765,890)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(195,706,574)</u>	<u>(383,532,868)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	34,681,941	(41,127,884)
CASH AND EQUIVALENTS		
Beginning of Year	<u>143,416,719</u>	<u>184,544,603</u>
End of Year	<u>\$ 178,098,660</u>	<u>\$ 143,416,719</u>
CASH AND EQUIVALENTS		
Cash and equivalents	\$ 5,378,775	\$ 3,768,991
Cash and equivalents-restricted	<u>172,719,885</u>	<u>139,647,728</u>
	<u>\$ 178,098,660</u>	<u>\$ 143,416,719</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,958,499	\$ 2,522,719
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in prepaid expenses and other assets	11,857	16,958
Deferred outflow of resources related to pension	(169,186)	
Change in accounts payable	(57,974)	51,076
Change in net pension liability	193,793	
Deferred inflow of resources related to pension	(2,714)	
Interest income	(177,353,899)	(189,035,072)
Interest expense	<u>176,507,500</u>	<u>187,718,125</u>
Net Cash Provided by Operating Activities	<u>\$ 1,087,876</u>	<u>\$ 1,273,806</u>

See accompanying notes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2015 and 2014

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:

- City of Indianapolis, including all special taxing districts
- Health and Hospital Corporation of Marion County
- Indianapolis Public Transportation Corporation
- Capital Improvement Board of Managers (Marion Co., IN)
- Marion Co. Convention & Recreational Facilities Authority
- Marion County, Indiana
- Indianapolis Airport Authority
- Indianapolis-Marion Co. Building Authority
- 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.

Basis of Presentation: The Bond Bank is accounted for as a Proprietary Fund. The financial statements of the Bond Bank have been prepared on the accrual basis of accounting and using the economic resources measurement focus. Accordingly, the Bond Bank recognizes revenue in the period earned and expenses in the period incurred. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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.

Accounting Pronouncement: The Bond Bank adopted GASB No. 68, *Accounting and Financial Reporting for Pensions* (GASB No. 68), during 2015. GASB No. 68 requires the Bond Bank to measure and recognize assets and liabilities, deferred outflows and inflows, and expenses for the pension obligation as a participating employer in the Indiana Public Retirement System (INPRS). The adoption of GASB No. 68 resulted in a restatement of net position as of December 31, 2013, resulting in a decrease in net position of \$437,486 from balance previously reported. At December 31, 2015, the Bond Bank had a net pension liability of \$587,720, deferred outflows of resources of \$223,136, and deferred inflows of resources of \$94,795 related to the pension.

The following is a reconciliation of net position at December 31, 2014 and 2013:

	2014	2013
Net position, as previously reported	\$6,898,609	\$8,546,452
Decrease in net position due to adoption of GASB No. 68	<u>(437,486)</u>	<u>(437,486)</u>
Net Position, as Restated	<u>\$6,461,123</u>	<u>\$8,108,966</u>

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 pronouncements. 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 position.

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 Outflows of Resources: The Bond Bank reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statement of net position.

Deferred Inflows of Resources: The Bond Bank's statement of net position reports a separate section for deferred inflows of resources, which reflects an increase in net assets that applies to future periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plan: The employees of the Bond Bank participate in the Indiana Public Retirement System (INPRS). The Bond Bank recognizes its proportionate share of the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to the pension and pension expense. Deferred outflows and inflows represent changes in the Bond Bank's allocated proportion from the previous year; differences between the Bond Bank's contributions to the Plan and its proportionate share, actual Plan investment earnings and expected amounts, and expected and actual experience on the Plan included in determining pension expense; and the impact of changes in assumptions on the net pension liability, all of which are being amortized into pension expense over four and a half years. Deferred outflows of resources also includes contributions made to the Plan between the Plan's measurement date for the net pension liability and the end of the Bond Bank's fiscal year.

Interest Rate Swaps: The Bond Bank uses interest rate swaps to protect against the potential of rising interest rates. The interest rate swaps are reported at fair value on the statement of net position; however, changes in fair value are deferred until the termination or expiration of the instruments. The accumulated decrease in the fair value of the interest rate swaps are reported as a deferred outflow of resources.

Original Issue Premiums and Discounts: Original issue premiums and discounts on bonds are amortized using a method that approximates the effective interest method over the life of the bonds to which they relate.

Bond Issuance Costs: Bond issuance costs are expensed as incurred.

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

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.

Reclassifications: Certain amounts in the 2014 financial statements have been reclassified to conform to the presentation of the 2015 financial statements.

Subsequent Events: The Bond Bank has evaluated the financial statements for subsequent events occurring through July 18, 2016, the date the financial statements were available to be issued. See Note 10.

NOTE 2 - DEPOSITS 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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Bond Bank's deposits and investments at December 31, 2015, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	\$ 26,727,648	\$ 26,727,648
Money market funds	141,336,237	141,336,237
Commercial paper	4,529,388	4,656,000
Guaranteed investment contracts	16,172,359	16,172,359
Cash	<u>5,378,775</u>	<u>5,378,775</u>
Total Deposits and Investments	<u>\$194,144,407</u>	<u>\$194,271,019</u>

The Bond Bank's deposits and investments at December 31, 2014, are summarized as follows:

	Cost	Fair Value
U.S. Government agency obligations	\$ 48,227,795	\$ 49,223,203
Money market funds	85,769,525	85,769,525
Commercial paper	4,529,771	4,655,000
Guaranteed investment contracts	16,172,359	16,172,359
Cash	<u>3,768,991</u>	<u>3,768,991</u>
Total Deposits and Investments	<u>\$158,468,441</u>	<u>\$159,589,078</u>

Deposits with Financial Institutions

Custodial risk is the risk that in the event of bank failure, the Bond Bank's deposits may not be returned to it. The Bond Bank's cash is insured by Federal Deposit Insurance Corporation (FDIC). From time to time, certain cash balances maintained by the Bond Bank exceed federally insured limits. As of December 31, 2015, the Bond Bank had cash balances of \$4,917,720 with custodial risk.

Investments

Investments are restricted for repayment of bonds and notes payable issued under the respective programs (see Note 4). 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. Investments are also restricted to authorized investments per the applicable trust indentures.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

NOTE 2 - DEPOSITS 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, 2015, the Bond Bank had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. Government agency obligations	\$ 26,727,648	\$ 26,727,648			
Money market funds	141,336,237	141,336,237			
Commercial paper	4,656,000	4,656,000			
Guaranteed investment contracts	16,172,359	16,172,359			
	<u>\$188,892,244</u>	<u>\$188,892,244</u>			

Custodial Credit Risk of Investments

Custodial credit risk is the risk that the Bond Bank will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Bond Bank, and are held by either the counterparty or the counterparty's trust department or agent but not in the Bond Bank's name. The Bond Bank has no custodial risk on investments.

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's investments at December 31, 2015:

<u>Credit Ratings</u>	<u>S&P</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Fair Value</u>
U.S. Government agency obligations	AAA	AAA	Aaa	\$ 26,727,648
Money market funds	AAAm	AAAmf	Aaa-mf	141,336,237
Chesham Fnc Chesh CP	A-1	N/A	P-1	4,656,000
FSA Cap Mgmt Serv LLC GIC	AA+	AAA	A2	16,172,359
Total Rated Investments				<u>\$188,892,244</u>

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The following shows an investment in an issuer that represents 5% or more of the total investments at December 31, 2015:

Bank of New York Cash Reserve	62%
Dreyfus Treasury & Agency Cash Management	8%
U.S. Government	14%

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 the Bond Bank's 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, 2015 and 2014, are as follows:

	2015	2014
Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2016 to 2017, with interest at 5.5%.	\$ 26,225,000	\$ 38,325,000
Health & Hospital Corp. of Marion County Bonds of 1988, Series A, maturing June 30, 2016 to December 30, 2019, with interest at 7.4%.	7,905,000	9,545,000
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	241,640,000
City of Indianapolis, Pension Bonds of 2005, Series A (also known as 2013, Series A after partial refunding) maturing January 15, 2016 to 2022, with interest ranging from 4.84% to 5.28%.	51,935,000	58,560,000
City of Indianapolis Airport Authority Revenue Bonds, Series 2005 A, with interest ranging from 4.75% to 5.25%, refunded on October 6, 2015 by the Indianapolis Airport Authority Series 2015 A Refunding Bonds, representing amounts maturing on January 1, 2033.		197,385,000
Health and Hospital Corporation of Marion County Series 2005, maturing January 1, 2016 to 2025, with interest ranging from 4.35% to 5.25%.	17,820,000	19,260,000
Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Refunding Bonds, Series 2005 F, maturing January 1, 2016 to 2029, with interest ranging from 4% to 5%.	57,010,000	64,690,000
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Refunding Revenue Bonds, Series 2006 A, maturing January 1, 2016 to 2022, with interest at 5.5%.	77,830,000	77,830,000
City of Indianapolis, Facilities Revenue Bonds, Series 2006, with interest ranging from 4% to 5%, refunded on December 16, 2015 by the City of Indianapolis Facility Revenue Bonds, Series 2015, representing amounts maturing on July 15, 2021.		9,535,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2016 to 2036, with interest ranging from 4.75% to 5.00%, partially refunded on June 11, 2013 by the Indianapolis Airport Authority Refunding Revenue Bonds, Series A and Series B, representing amounts both maturing on July 1, 2018.	\$ 219,995,000	\$ 234,405,000
City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, with interest ranging from 4% to 5%, refunded on June 23, 2015 by the City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Refunding Bonds, Series 2015 B, representing amounts maturing on August 1, 2027.		8,055,000
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Refunding Bonds, Series 2007 B, maturing January 1, 2022 to 2025, with interest at 5.25%.	70,410,000	70,410,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 C, maturing June 1, 2016 to 2035, with interest at 5.9%.	67,810,000	69,045,000
City of Indianapolis, Flood Control District Refunding Bonds, Series 2007 A, maturing January 1, 2016 to 2018, with interest at 5%.	3,560,000	4,635,000
City of Indianapolis, Metro Thoroughfare District Refunding Bonds, Series 2007 A, maturing January 1, 2016 to 2018, with interest at 5%.	13,695,000	17,835,000
City of Indianapolis, Park District Refunding Bonds, Series 2007 A, maturing January 1, 2016 to 2018, with interest at 5%.	7,655,000	9,960,000
City of Indianapolis, Sanitary District Refunding Bonds, Series 2007 C, maturing January 1, 2016 to 2018, with interest at 5%.	17,970,000	23,395,000
City of Indianapolis, Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A, maturing February 1, 2016 to 2021, with interest ranging from 4.00% to 4.13%.	4,510,000	5,230,000
City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing February 1, 2016 to 2027, with interest ranging from 5.64% to 6.21%.	4,085,000	4,325,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2016 to 2023, with interest at 6.2%.	\$ 3,360,000	\$ 3,675,000
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Bonds, Series 2007 A, maturing January 1, 2026 to 2027, with interest at 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, 2016 to 2038, with interest ranging from 4.50% to 5.25%.	90,315,000	92,940,000
Facilities Revenue Bonds of 2007, with interest ranging from 3.75% to 4.13%, refunded on December 16, 2015 by the City of Indianapolis Facility Revenue Bonds, Series 2015, representing amounts maturing on July 15, 2021.		2,070,000
City of Indianapolis, Redevelopment District Bonds, Series 2008 A, maturing February 1, 2016 to 2038, with interest ranging from 4% to 5%.	53,860,000	55,185,000
City of Indianapolis, MECA General Obligation Bonds, Series 2008 B, maturing January 15, 2016 to 2024, with interest ranging from 4.25% to 5.60%.	25,930,000	28,350,000
Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Bonds, Series 2009 A, maturing January 1, 2016 to 2038, with interest ranging from 4.00% to 5.63%.	533,200,000	539,310,000
City of Indianapolis, Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009 A, maturing February 1, 2016 to 2020, with interest at 5%.	122,375,000	145,780,000
City of Indianapolis, Redevelopment District Subordinate Taxable Tax Increment Revenue Bonds, Series 2009 B, matured February 1, 2015, with interest at 3.8%.		115,000
Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2009, maturing February 1, 2016 to 2026, with interest ranging from 3.3% to 5.0%.	9,005,000	9,325,000
City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, matured January 1, 2015, with interest at 4%.		515,000
City of Indianapolis, Redevelopment District Revenue Bonds, Series 2009 A, matured January 1, 2015, with interest at 4%.		265,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
City of Indianapolis, Flood Control District Revenue Bonds, Series 2009 A, matured January 1, 2015, with interest at 4%.		\$ 180,000
Indianapolis Public Transportation Corp. Revenue Bonds, Series 2009 A, maturing January 10, 2016, with interest at 4%.	\$ 875,000	2,290,000
City of Indianapolis, Building Authority Revenue Bonds, Series 2009 A, maturing January 1, 2016 to 2017, with interest ranging from 4.88% to 5.03%.	1,700,000	2,500,000
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the Health and Hospital Corporation of Marion County, IN, maturing January 15, 2016 to 2040, with interest ranging from 4% to 6%.	168,785,000	177,835,000
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B, issued by the Indianapolis-Marion County Building Authority, maturing January 15, 2016 to 2040, with interest ranging from 5.00% to 6.12%.	458,620,000	460,990,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2010 A, maturing February 1, 2016 to 2025, with interest at 5%.	5,152,724	5,567,469
Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the City of Indianapolis, IN, maturing February 1, 2016 to 2025, with interest ranging from 4.00% to 5.13%.	16,890,000	17,375,000
City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2010 D, maturing February 1, 2016 to 2035, with interest ranging from 2.95% to 5.15%.	4,955,000	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, remarketed October 1, 2012 ('12E) and again on January 14, 2015, maturing January 1, 2016 to 2037, bearing interest at a weekly rate, subject to swap agreement (see Notes 6 and 7).	332,600,000	337,280,000
City of Indianapolis, Redevelopment District Limited Recourse Notes, Series 2010 A, with interest at 3.92%, refunded on August 6, 2015 by the City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 2015, representing amounts maturing on February 1, 2030.		2,500,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
City of Indianapolis, Economic Development Revenue Bonds, Series 2011 A, maturing February 1, 2021 to 2036, with interest ranging from 5.0% to at 5.5%.	\$ 81,640,000	\$ 81,640,000
City of Indianapolis, Economic Development Taxable Revenue Bonds, Series 2011 B, maturing February 1, 2016 to 2021, with interest ranging from 3.33% to 4.81%.	13,435,000	15,310,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Multipurpose Bonds, Series 2011 A, maturing February 1, 2016 to August 1, 2024, with interest ranging from 3% to 5%.	29,920,000	32,625,000
Marion County Convention & Recreational Facilities Authority Excise Tax Lease Rental Revenue Refunding Senior Bonds, Series 2011 A, maturing June 1, 2016 to 2021, with interest ranging from 3% to 5%.	24,730,000	28,320,000
Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Bonds, Series 2011 A, maturing January 1, 2016 to 2041, with interest ranging from 3.25% to 5.13%.	55,040,000	56,120,000
City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2011 C, maturing February 1, 2016 to 2036, with interest ranging from 3.00% to 5.75%.	24,730,000	25,425,000
City of Indianapolis, Stormwater District Bonds, Series 2011, amended August 4, 2015, maturing January 1, 2016 to 2041, with interest ranging from 2.13% to 5.00%.	14,885,000	15,765,000
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 interest at 5%.	20,010,000	20,010,000
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A (1999 B piece), maturing June 1, 2016 to 2021, with interest at 5%.	13,435,000	15,260,000
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A, maturing June 1, 2016 to 2027, with interest ranging from 4.75% to 5.00%.	171,170,000	177,290,000
Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2012 (2002 piece), maturing January 10, 2016 to 2017, with interest ranging from 4.55% to 5.13%.	2,180,000	2,445,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2012 A, maturing June 1, 2016 to 2021, with interest ranging from 1.58% to 3.06%.	\$ 34,260,000	\$ 39,500,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2012 A, maturing February 1, 2016 to August 1, 2020, with interest at 3.34%.	2,145,000	2,300,000
Indianapolis Airport Authority Refunding Revenue Bonds, Series 2012 A, maturing July 1, 2016 to 2019, with interest at 1.25%.	29,455,000	37,285,000
City of Indianapolis, Economic Development District Taxable Special Program Refunding Bonds, Series 2012 I (formally 2004 B), maturing April 1, 2016 to 2030, with interest ranging from 1.0% to 3.6%.	6,820,000	7,205,000
City of Indianapolis, Economic Development District Special Program Refunding Bonds, Series 2012 J (formally 2004 C), maturing April 1, 2016 to 2039, with interest ranging from 2% to 5%.	16,080,000	16,335,000
Indianapolis-Marion County Building Authority Qualified Obligation Bonds, Series 2013 A, maturing January 15, 2016 to 2040, with interest ranging from 3% to 5%.	40,200,000	41,055,000
City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Parks District, maturing January 1, 2016 to 2018, with interest at 5.25%.	1,451,000	1,889,000
City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Metropolitan Thoroughfare District, maturing January 1, 2016 to 2018, with interest at 5.25%.	3,334,000	4,337,000
City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Flood Control District, maturing January 1, 2016 to 2018, with interest at 5.25%.	676,000	878,000
City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Sanitary District, maturing January 1, 2016 to 2018, with interest at 5.25%.	3,411,000	4,435,000
City of Indianapolis, Indiana, Stormwater District, Refunding Revenue Bonds of 2013, Series A, maturing January 1, 2016 to 2026, with interest ranging from 3.25% to 5.00%.	36,615,000	37,915,000
Indianapolis-Marion County Building Authority Bonds, Series 2013 (2003 B piece), maturing January 15, 2016 to 2023, with interest ranging from 4% to 5%.	6,225,000	6,860,000

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2013 A, maturing February 1, 2016 to 2029, with interest ranging from 2% to 5%.	\$ 22,920,000	\$ 23,590,000
City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2013 A, maturing February 1, 2030, with interest at 5%.	14,270,000	14,270,000
City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2013 A, maturing February 1, 2030, with interest at 5%.	3,915,000	3,915,000
City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2013 B, maturing February 1, 2030, with interest at 5%.	1,865,000	1,865,000
City of Indianapolis, Indiana, IndyRoads Revenue Refunding Bonds, Series 2013 A, maturing January 1, 2016 to 2019, with interest ranging from 3% to 5%.	5,910,000	7,460,000
Indianapolis Airport Authority Refunding Revenue Bonds, Series 2013 A, maturing January 1, 2016 to July 1, 2018, with interest at 1.8%.	12,135,000	12,570,000
Indianapolis Airport Authority Refunding Revenue Bonds, Series 2013 B, maturing January 1, 2016 to July 1, 2018, with interest at 1.61%.	21,425,000	22,695,000
City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2014 A, 2014 C, and 2014 D, maturing February 1, 2016 to 2031, with interest ranging from 3% to 5%.	47,415,000	47,785,000
City of Indianapolis, Indiana Taxable Economic Development Tax Increment Revenue Bonds, Series 2014 B and 2014 E, maturing February 1, 2019 to 2024, with interest from 2.30% to 3.43%.	3,585,000	3,585,000
City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2014, maturing February 1, 2016 to 2029, with interest ranging from 3.0% to 4.5%.	10,810,000	11,420,000
Indianapolis Airport Authority Series 2014 A Refunding Bonds, maturing January 1, 2017 to 2034, with interest from 3% to 5%.	165,340,000	165,340,000
City of Indianapolis, Indiana IndyRoads Revenue Bonds, Series 2015 A, maturing January 1, 2020 to 2035, with interest ranging from 3% to 5%.	35,000,000	

NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

	2015	2014
City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Bonds, Series 2015 A, maturing February 1, 2016 to 2035, with interest ranging from 3% to 4%.	\$ 10,415,000	
City of Lawrence, Indiana Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Refunding Bonds, Series 2015 B, maturing February 1, 2016 to August 1, 2027, with interest ranging from 3% to 4%.	7,330,000	
City of Indianapolis, Indiana IndyRoads Revenue Bonds, Series 2015 B, maturing January 1, 2017 to 2035, with interest ranging from 3% to 5%.	35,000,000	
City of Indianapolis Redevelopment District Tax Increment Revenue Bonds 2015, maturing February 1, 2016 to 2030, with interest at 3.3%.	1,500,000	
Indianapolis Airport Authority Series 2015 A Refunding Bonds, maturing January 1, 2023 to 2033, with interest ranging from 4% to 5%.	178,690,000	
City of Indianapolis Facility Revenue Bonds, Series 2015, maturing July 15, 2016 to 2021, with interest at 1.76%.	9,485,000	
City of Indianapolis, Indiana Economic Development Tax Increment Revenue Notes, Series 2015 A, maturing February 1, 2020, with interest at 1.98%.	7,100,000	
City of Indianapolis, Indiana Taxable General Revenue Notes, Series 2015, maturing December 1, 2017, with interest at 2.12%.	<u>12,000,000</u>	
	4,116,649,724	\$4,198,871,469
Plus (Less): Unamortized premium/(discount)	<u>23,222,492</u>	<u>(5,217,828)</u>
	4,139,872,216	4,193,653,641
Less: Current Portion of Loans Receivable	<u>(173,153,741)</u>	<u>(163,166,745)</u>
Long-term Portion of Loans Receivable	<u>\$3,966,718,475</u>	<u>\$4,030,486,896</u>

Loans to qualified entities, registered to the Bond Bank, are either serial, term, or serial and term maturities.

NOTE 4 - BONDS AND NOTES PAYABLE

The Bond Bank's bonds payable at December 31, 2015 and 2014, are summarized as follows:

	2015	2014
Series 1992 B Bonds, maturing January 10, 2016 to 2020, with interest at 6%.	\$ 9,690,000	\$ 11,315,000
Series 1999 E Refunding Bonds, maturing February 1, 2017 to 2029, yields on capital appreciation bonds ranging from 5.65% to 5.82%.	241,640,000	241,640,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2005 A Bonds, with interest at 4.70%, partially refunded on March 5, 2013 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2013 B, representing amounts maturing January 15, 2022, remaining piece matured January 1, 2015.		\$ 3,275,000
Series 2005 B Bonds, with interest ranging from 4.75% to 5.25%, refunded on October 6, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 I, representing amounts maturing January 1, 2033.		197,385,000
Series 2005 D Bonds, with interest ranging from 4.35% to 5.25%, refunded on June 25, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 B, representing amounts maturing January 1, 2025.		19,260,000
Series 2005 E Bonds, maturing January 1, 2016 to 2017, with interest at 5%. The carrying value of the debt represents \$26,295,000 and \$38,420,000 of the Series 2005 E Bonds outstanding at December 31, 2015 and 2014, respectively, net of unamortized gain on defeasance of \$32,948 and \$97,147 at December 31, 2015 and 2014, respectively.	\$ 26,327,948	38,517,147
Series 2005 F Bonds, maturing January 1, 2016 to 2029, with interest ranging from 4% to 5%.	57,010,000	64,690,000
Series 2006 A Bonds, maturing January 1, 2016 to 2022, with interest at 5.5%.	77,830,000	77,830,000
Series 2006 B Bonds, with interest ranging from 4% to 5%, refunded on December 16, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 K, representing amounts maturing July 15, 2021.		9,535,000
Series 2006 F Bonds, maturing January 1, 2016 to 2036, with interest ranging from 4.75% to 5.00%.	219,995,000	234,405,000
Series 2006 H Bonds, with interest ranging from 4% to 5%, refunded on June 23, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 D, representing amounts maturing August 1, 2027.		8,055,000
Series 2007 B Bonds, maturing January 1, 2022 to 2025, with interest at 5.25%. The carrying value of the debt represents \$70,410,000 of the Series 2007 B Bonds outstanding at December 31, 2015 and 2014, net of unamortized gain on defeasance of \$82,156 and \$93,117 at December 31, 2015 and 2014, respectively.	70,492,156	70,503,117
Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2016 to 2035, with interest at 5.9%.	67,810,000	69,045,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2007 D, Refunding Bonds, maturing February 1, 2016 to 2018, with interest at 5%.	\$ 42,880,000	\$ 55,825,000
Series 2007 E, Refunding Bonds, maturing February 1, 2016 to 2021, with interest ranging from 4.00% to 4.13%. The carrying value of the debt represents \$4,510,000 and \$5,230,000 of the Series 2007 E Bonds outstanding at December 31, 2015 and 2014, respectively, net of unamortized gain on defeasance of \$1,326 and \$1,886 at December 31, 2015 and 2014, respectively.	4,511,326	5,231,886
Glendale Mall Taxable Bonds, 2007 G, maturing February 1, 2016 to 2027, with interest ranging from 5.64% to 6.21%.	4,085,000	4,325,000
Series 2007 K Bonds, maturing February 1, 2016 to 2023, with interest at 6.2%.	3,360,000	3,675,000
Series 2007 L Bonds, maturing January 1, 2016 to 2038, with interest ranging from 4.50% to 5.25%.	91,815,000	94,440,000
Series 2007 M Bonds, with interest ranging from 4.00% to 4.13%, refunded on December 16, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 K, representing amounts maturing July 15, 2021.		2,070,000
Series 2008 A Bonds, maturing February 1, 2016 to 2038, with interest ranging from 4% to 5%.	53,860,000	55,185,000
Series 2008 B Bonds, maturing January 15, 2016 to 2024, with interest ranging from 4.25% to 5.60%.	25,930,000	28,350,000
Series 2009 A Bonds, maturing January 1, 2016 to 2038, with interest ranging from 4.67% to 5.63%.	533,200,000	539,310,000
Series 2009 B Bonds, maturing February 1, 2016 to 2020, with interest at 5%.	122,375,000	145,780,000
Series 2009 C Bonds, matured February 1, 2015, with interest at 3.8%.		115,000
Series 2009 D Bonds, maturing February 1, 2016 to 2026, with interest ranging from 3.3% to 5.0%.	9,005,000	9,325,000
Series 2009 F Bonds, maturing February 1, 2016 to 2017, with interest ranging from 4.00% to 5.03%.	2,575,000	5,750,000
Series 2010 A Bonds, maturing January 15, 2016 to 2040, with interest ranging from 4% to 6%.	168,785,000	177,835,000
Series 2010 B Bonds, maturing January 15, 2016 to 2040, with interest ranging from 5.00% to 6.12%.	458,620,000	460,990,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2010 C Bonds, maturing February 1, 2016 to 2025, with an interest rate at 5%.	\$ 5,152,724	\$ 5,567,469
Series 2010 D Bonds, maturing February 1, 2016 to 2025, with interest ranging from 4.00% to 5.13%.	16,890,000	17,375,000
Series 2010 E Bonds, maturing February 1, 2016 to 2035, with interest ranging from 2.95% to 5.15%.	4,955,000	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, remarketed October 1, 2012 (2012E) and again on January 14, 2015, maturing January 1, 2016 to 2037, bearing interest at a weekly rate, subject to swap agreements (see Notes 6 and 7).	332,600,000	337,280,000
Series 2011 A Bonds, maturing February 1, 2021 to 2036, with interest at 5.25%.	81,640,000	81,640,000
Series 2011 B Bonds, maturing February 1, 2016 to 2021, with interest ranging from 3.33% to 4.81%.	13,435,000	15,310,000
Series 2011 C Bonds, maturing February 1, 2016 to 2024, with interest ranging from 3% to 5%.	29,920,000	32,625,000
Series 2011 D Bonds, maturing June 1, 2016 to 2021, with interest ranging from 3% to 5%.	24,730,000	28,320,000
Series 2011 E Bonds, maturing January 1, 2016 to 2041, with interest ranging from 3.25% to 5.13%.	55,040,000	56,120,000
Series 2011 F Bonds, maturing February 1, 2016 to 2036, with interest ranging from 3.00% to 5.75%.	24,730,000	25,425,000
Series 2011 H Bonds, with interest ranging from 2.13% to 5.00%, refunded on August 4, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 H, representing amounts maturing January 1, 2041.		15,765,000
Series 2011 I Bonds, maturing June 1, 2022 to 2027, with interest at 5%.	20,010,000	20,010,000
Series 2011 K Bonds, maturing June 1, 2016 to 2027, with interest ranging from 4.75% to 5.00%.	184,605,000	192,555,000
Series 2012 A Bonds, maturing January 10, 2016 to 2017, with interest at 2.05%.	2,050,000	2,385,000
Series 2012 B Bonds, maturing June 1, 2016 to 2021, with interest ranging from 1.58% to 3.06%.	34,260,000	39,500,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2012 F Bonds, maturing February 1, 2016 to August 1, 2020, with interest at 3.34%.	\$ 2,145,000	\$ 2,300,000
Series 2012 H Bonds, maturing January 1, 2016 to July 1, 2019, with interest at 1.25%.	29,455,000	37,285,000
Series 2012 I Bonds, maturing April 1, 2016 to 2030, with interest ranging from 1.0% to 3.6%.	6,820,000	7,205,000
Series 2012 J Bonds, maturing April 1, 2016 to 2039, with interest ranging from 2% to 5%.	16,080,000	16,335,000
Series 2013 A Bonds, maturing January 15, 2016 to 2040, with interest ranging from 3% to 5%.	40,200,000	41,055,000
Series 2013 B Bonds, maturing January 15, 2016 to 2022, with interest ranging from 0.79% to 2.47%.	61,305,000	61,305,000
Series 2013 C Bonds, maturing January 10, 2016 to 2018, with interest ranging from 2% to 4%.	9,185,000	12,090,000
Series 2013 D Bonds, maturing January 1, 2016 to 2026, with interest ranging from 3.25% to 5.00%.	36,615,000	37,915,000
Series 2013 E Bonds, maturing January 15, 2016 to 2023, with interest at 2.14%.	6,885,000	7,665,000
Series 2013 F Bonds, maturing February 1, 2016 to 2030, with interest ranging from 2% to 5%.	42,970,000	43,640,000
Series 2013 H Bonds, maturing January 1, 2016 to 2019, with interest ranging from 3% to 5%.	5,910,000	7,460,000
Series 2013 I Bonds, maturing January 1, 2016 to July 1, 2018, with interest at 1.8%.	12,135,000	12,570,000
Series 2013 J Bonds, maturing January 1, 2016 to July 1, 2018, with interest at 1.61%.	21,425,000	22,695,000
Series 2014 A Bonds, maturing February 1, 2016 to 2031, with interest ranging from 3% to 5%.	47,415,000	47,785,000
Series 2014 B Bonds, maturing February 1, 2019 to 2024, with interest ranging from 2.30% to 3.43%.	3,585,000	3,585,000
Series 2014 C Bonds, maturing February 1, 2016 to 2029, with interest ranging from 3.0% to 4.5%.	10,810,000	11,420,000
Series 2014 D Bonds, maturing January 1, 2017 to 2034, with interest ranging from 3% to 5%.	165,340,000	165,340,000

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2015 A Bonds, maturing January 1, 2020 to 2035, with interest ranging from 3% to 5%.	\$ 35,000,000	
Series 2015 B Bonds, maturing January 1, 2016 to 2025, with interest ranging from 1% to 5%.	17,915,000	
Series 2015 C Bonds, maturing February 1, 2016 to 2035, with interest ranging from 3% to 4%.	10,415,000	
Series 2015 D Bonds, maturing February 1, 2016 to August 1, 2027, with interest ranging from 3% to 4%.	7,330,000	
Series 2015 E Bonds, maturing January 1, 2017 to 2035, with interest ranging from 3% to 5%.	35,000,000	
Series 2015 F Bonds, maturing February 1, 2016 to 2030, with interest at 3.25%.	1,500,000	
Series 2015 H Bonds, maturing January 1, 2016 to 2041, with interest ranging from 2.13% to 5.00%.	14,885,000	
Series 2015 I Bonds, maturing January 1, 2023 to 2033, with interest ranging from 4% to 5%.	178,690,000	
Series 2015 K Bonds, maturing July 15, 2016 to 2021, with interest at 1.76%.	<u>9,485,000</u>	
	4,109,829,154	\$4,205,749,619
Less: Deferred charges	<u>(116,430)</u>	<u>(192,150)</u>
	4,109,712,724	4,205,557,469
Plus (Less): Unamortized premium/(discount)	<u>24,084,479</u>	<u>(4,944,917)</u>
	4,133,797,203	4,200,612,552
Less: Current Portion of Bonds of Payable	<u>(175,622,741)</u>	<u>(157,784,745)</u>
Long-term Portion of Bonds Payable	<u>\$3,958,174,462</u>	<u>\$4,042,827,807</u>

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

The Bond Bank's notes payable at December 31, 2015 and 2014, are summarized as follows:

	2015	2014
Series 2010 C Notes dated July 30, 2010, with interest at 3.92%, refunded on August 6, 2015 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2015 F, representing amounts maturing February 1, 2030.		\$ 2,500,000
Series 2015 A Notes dated May 20, 2015, maturing February 1, 2020, with interest at 1.98%.	\$ 7,100,000	

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	2015	2014
Series 2015 B Notes dated December 22, 2015, maturing December 1, 2017, with interest at 2.12%.	<u>\$12,000,000</u>	
	19,100,000	<u>\$ 2,500,000</u>
Less: Current Portion of Notes Payable		<u>(2,500,000)</u>
Long-term Portion of Notes Payable	<u>\$19,100,000</u>	<u>\$ -</u>

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, 2015 and 2014, by private insurance policies.

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2015, are summarized as follows:

Payable In	Principal	Interest	Debt Service
2016	\$ 175,622,741	\$ 178,754,100	\$ 354,376,841
2017	204,612,801	174,564,841	379,177,642
2018	192,043,977	166,810,021	358,853,998
2019	161,597,326	159,476,316	321,073,642
2020	178,435,909	152,244,813	330,680,722
2021-2025	896,053,970	653,817,798	1,549,871,768
2026-2030	929,426,000	462,592,458	1,392,018,458
2031-2035	858,455,000	248,844,487	1,107,299,487
2036-2040	527,990,000	57,783,595	585,773,595
2041-2045	<u>4,575,000</u>	<u>116,659</u>	<u>4,691,659</u>
	4,128,812,724	2,255,005,088	6,383,817,812
Plus: Unamortized premium on bonds	<u>24,084,479</u>		<u>24,084,479</u>
	<u>\$4,152,897,203</u>	<u>\$2,255,005,088</u>	<u>\$6,407,902,291</u>

The Bond Bank's bonds and notes payable rollforward schedules at December 31, 2015 and 2014, are summarized as follows:

	<u>BONDS</u>	<u>NOTES</u>
Total Outstanding Debt at December 31, 2013	\$4,315,155,298	\$ 33,863,169
Total Additions 2014	228,130,000	
Total Deductions 2014	<u>(362,984,760)</u>	<u>(31,363,169)</u>
Outstanding Debt	4,180,300,538	2,500,000
Add: Change In Unamortized Premium/(Discount)	<u>20,312,014</u>	
Total Outstanding Debt at December 31, 2014	<u>\$4,200,612,552</u>	<u>\$ 2,500,000</u>

NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

	<u>BONDS</u>	<u>NOTES</u>
Total Additions 2015	\$ 311,070,000	\$ 19,100,000
Total Deductions 2015	<u>(406,914,745)</u>	<u>(2,500,000)</u>
Outstanding Debt	4,104,767,807	19,100,000
Add: Change In Unamortized Premium/(Discount)	<u>29,029,396</u>	<u> </u>
Total Outstanding Debt at December 31, 2015	<u>\$4,133,797,203</u>	<u>\$ 19,100,000</u>

During 2015, the Bond Bank's Series 2015 B bonds were issued for \$17.91 million and the proceeds of Series 2015 B bonds were used to refund the Series 2005 D bonds and continue to fund the Health and Hospital project. The cash flow difference between the debt service on the Series 2005 D bonds and the new debt was \$2,179,615 and the net present value savings were \$2,001,252.

During 2015, the Bond Bank's Series 2015 C bonds were issued for \$10.90 million and the proceeds of Series 2015 C bonds were used to refund the Series 2000 bonds (not issued by the Indianapolis Local Public Improvement Bond Bank) and continue to fund the Fort Harrison Reuse Authority. The cash flow difference between the debt service on the Series 2000 bonds and the new debt was \$841,821 and the net present value savings were \$68,820.

During 2015, the Bond Bank's Series 2015 D bonds were issued for \$7.69 million and the proceeds of Series 2015 D bonds were used to refund the Series 2006 H bonds and continue to fund the Fort Harrison Reuse Authority. The cash flow difference between the debt service on the Series 2006 H bonds and the new debt was \$327,274 and the net present value savings were \$231,396.

During 2015, the Bond Bank's Series 2015 H bonds were issued for \$14.89 million and the proceeds of Series 2015 H bonds were used to refund the Series 2011 H bonds and continue to fund the Stormwater District. The cash flow difference between the debt service on the Series 2011 H bonds and the new debt was \$1,308,281 and the net present value savings were \$945,236.

During 2015, the Bond Bank's Series 2015 I bonds were issued for \$178.69 million and the proceeds of Series 2015 I bonds were used to refund the Series 2005 B bonds and continue to fund the Indianapolis Airport Authority's Midfield Terminal project. The cash flow difference between the debt service on the Series 2005 B bonds and the new debt was \$34,511,581 and the net present value savings were \$22,073,861.

During 2015, the Bond Bank's Series 2015 K bonds were issued for \$9.49 million and the proceeds of Series 2015 K bonds were used to refund the Series 2006 B bonds and Series 2007 M bonds and continue to fund Marion County facility and building repair projects. The cash flow difference between the debt service on the Series 2006 B bonds and Series 2007 M bonds and the new debt was \$637,496 and the net present value savings were \$507,930.

NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to \$105,290,000 as of December 31, 2015 and \$108,165,000 as of December 31, 2014.

NOTE 6 - SWAP AGREEMENTS

Objective of the Swaps: In order to protect against the potential of rising interest rates, the Bond Bank entered into 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, 2015, are as follows. The notional amount of the swaps match the principal amounts of the associated debt. The Bond Bank's swap agreements contains scheduled reductions to the outstanding notional amount that is expected to approximately follow scheduled or anticipated reductions in the associated "bonds and notes payable" category.

<i>Associated Bond/Note Issue</i>	<i>Notional Amounts</i>	<i>Effective Date</i>	<i>Fixed Rate Paid</i>	<i>Floating Rate Option</i>	<i>Fair Values</i>	<i>Swap Termination Date</i>	<i>Counterparty Credit Rating S&P/Fitch/ Moody's</i>
2010L – IAA (L-1)	\$100,000,000	7/1/2008	3.778%	75% of USD-LIBOR-BBA	\$(25,073,596)	1/1/2033	AA-/AA/Aa2
2010L – IAA (L-2)	\$ 50,000,000	7/1/2008	3.786%	75% of USD-LIBOR-BBA	<u>\$(12,421,198)</u> <u>\$(37,494,794)</u>	1/1/2033	A/A/Baa2

Fair Value: Because interest rates declined, the swaps had negative fair value as of December 31, 2015. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic interest rates. Since the coupon on the Bond Bank's variable-rate bond adjusts to changing interest rates, the bond does not have a corresponding fair value increases.

Credit Risk: As of December 31, 2015, 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 becomes positive, the Bond Bank would be exposed to credit risk in the amount of the derivatives' fair values.

The Bond Bank has executed swap transactions with various counterparties in the past. But as of December 31, 2015, two swaps equaled 100% of the notional amount of swaps outstanding. They are held by two, different counterparties. Those counterparties are rated AA-/AA/Aa2 and A/A/Baa2, respectively.

Interest Rate Risk: The Bond Bank is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swaps associated with its Series 2010 L 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 not exposed to basis risk because the variable-rate payments received by the Bond Bank are based on an index that coincides with the interest rates the Bond Bank pays on its Series 2010L variable rate debt.

Termination Risk: The Bond Bank or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. If the swaps are terminated, the associated variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of the termination, the swaps have negative fair values, the Bond Bank would be liable to the counterparties for a payment equal to the swaps' fair values.

NOTE 6 - SWAP AGREEMENTS (CONTINUED)

Swap Payments and Associated Debt: As of December 31, 2015, 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
2016		\$ 1,221,500	\$ 5,264,632	\$ 6,486,132
2017		1,221,500	5,264,632	6,486,132
2018		1,221,500	5,264,632	6,486,132
2019		1,221,500	5,264,632	6,486,132
2020		1,221,500	5,264,632	6,486,132
2021-2025	\$ 23,940,000	5,817,679	25,074,036	54,831,715
2026-2030	72,370,000	3,427,814	14,773,785	90,571,599
2031-2035	<u>53,690,000</u>	<u>452,851</u>	<u>1,951,774</u>	<u>56,094,625</u>
Total	<u>\$150,000,000</u>	<u>\$15,805,844</u>	<u>\$68,122,755</u>	<u>\$233,928,599</u>

NOTE 7 - VARIABLE RATE DEMAND BONDS

Included in long-term debt is \$332,600,000 of Series 2010 L variable rate demand bonds maturing serially at various dates from January 1, 2016 through 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 8 - RETIREMENT PLAN

Plan Description

The Bond Bank contributed to the Public Employees' Retirement Fund (PERF), which is administered by INPRS as a cost-sharing, multiple-employer defined benefit plan. PERF was established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan, and certain INPRS employees. There are two tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the Public Employees' Annuity Savings Account Only Plan (PERF ASA Only Plan).

There are two aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the annuity savings account (ASA) that supplements the defined benefit at retirement. The PERF ASA Only Plan is funded by an employer and a member for the use of the member, or the member's beneficiaries or survivors, after the member's retirement.

Members are required to participate in the ASA. The ASA consists of the member's contributions, set by statute at three percent of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10 percent of their compensation into their ASA. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

NOTE 8 - RETIREMENT PLAN (CONTINUED)

Investments in the members' ASA are individually directed and controlled by plan participants who direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. All contributions made to a member's account (member contribution subaccount and employer contribution subaccount) are invested as a combined total according to the member's investment elections. Members may make changes to their investment directions daily and investments are reported at fair value.

Retirement Benefits – Defined Benefit Pension

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's ASA. Pension benefits (non ASA) vest after 10 years of creditable service. The vesting period is eight years for certain elected officials. Members are immediately vested in their ASA. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's ASA, receive the amount as an annuity, or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their ASA and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the ASA. A non-vested member who terminates employment prior to retirement may withdraw his/her ASA after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit component. This annual pension benefit is equal to 1.1 percent times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups.

For PERF members who serve as an elected official, the highest one year (total of four consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100 percent of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100 percent of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly. There was no COLA for the year ended June 30, 2015; however, eligible members received a one-time check (a.k.a. 13th check) by October 2015.

NOTE 8 - RETIREMENT PLAN (CONTINUED)

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits, or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.inprs.in.gov/>.

Significant Actuarial Assumptions

The total pension liability is determined by INPRS actuaries as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Asset valuation date:	June 30, 2015
Liability valuation date and method:	June 30, 2014 – Member census data as of June 30, 2014 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2014 and June 30, 2015. Standard actuarial roll forward techniques were then used to project the liability computed as of June 30, 2014 to June 30, 2015.
Actuarial cost method:	Entry age normal - level percent of payroll
Experience study date: from	Computed April 2015 and reflects the experience period July 1, 2011 to June 30, 2014
Investment rate of return:	6.75%
COLA:	1.0%
Future salary increases, including inflation:	2.50% - 4.25%
Inflation:	2.25%

NOTE 8 - RETIREMENT PLAN (CONTINUED)

The long-term return expectation for the defined benefit retirement plan has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

	Target Allocation	Geometric Basis Long-term Expected Real Rate of Return
Private equity	10.0%	5.6%
Fixed income – Ex inflation-linked	22.0%	2.1%
Fixed income – Inflation-linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real estate	7.5%	3.0%
Absolute return	10.0%	3.9%
Risk parity	10.0%	5.0%

Total pension liability for the Plan was calculated using the discount rate of 6.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75 percent). Based on those assumptions, the Plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members; therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the Plan.

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of the Plan calculated using the discount rate of 6.75 percent, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<u>\$866,937</u>	<u>\$587,720</u>	<u>\$355,918</u>

Investment Valuation and Benefit Payment Policies

The pooled and non-pooled investments are reported at fair value by INPRS.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members’ annuity savings accounts. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

NOTE 8 - RETIREMENT PLAN (CONTINUED)

Funding Policy

The State is obligated by statute to make contributions to the PERF Hybrid Plan or the PERF ASA Only Plan. Any political subdivision that elects to participate in the PERF Hybrid Plan is obligated by statute to make contributions to the Plan. The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As PERF is a cost-sharing plan, all risks and costs, including benefit costs, are shared proportionately by the participating employers. During the fiscal year ended June 30, 2015, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For the PERF ASA Only Plan, all participating employers were also required to contribute 11.2 percent of covered payroll. In accordance to IC 5-10.3-12-24, the amount credited from the employer's contribution rate to the member's account shall not be less than 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for the fiscal year ended June 30, 2015, and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute 3 percent of covered payroll to their ASA, which is not used to fund the defined benefit pension for the PERF Hybrid Plan. For the PERF Hybrid Plan, the employer may elect to make the contributions on behalf of the member. The employer shall pay the member's contributions on behalf of the member for the PERF ASA Only Plan. In addition, members of the PERF Hybrid Plan (effective July 1, 2014, the PERF ASA Only Plan may also participate) may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their ASA.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Bond Bank reported a liability of \$587,720 for its proportionate share of the net pension liability. The Bond Bank's proportionate share of the net pension liability was based on the Bond Bank's wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2015 measurement date was 0.0001443.

For the year ended December 31, 2015, the Bond Bank recognized pension expense of \$83,842, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$(9,003). At December 31, 2015, the Bond Bank reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,228	\$ 1,215
Net differences between project and actual earnings on pension plan investments	99,097	55,273
Changes of assumptions	49,682	
Changes in proportion and differences between the Bond Bank's contributions and proportionate share of contributions	<u>16,935</u>	<u>38,307</u>

NOTE 8 - RETIREMENT PLAN (CONTINUED)

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Total that will be recognized in pension expense (income) based on table below	\$190,942	\$94,795
Pension contribution subsequent to measurement date	<u>32,194</u>	<u> </u>
Total	<u>\$223,136</u>	<u>\$94,795</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ending December 31,	Amount
2016	\$(28,205)
2017	(28,205)
2018	(14,963)
2019	<u>(24,774)</u>
	<u>\$ (96,147)</u>

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 - SUBSEQUENT EVENTS

In January 2016, the Bond Bank issued Series 2016 A Notes in the amount of \$5,500,000 to purchase the City of Indianapolis, Indiana Taxable Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2016 A, the proceeds of which will be used to fund the 16 Tech Project. The bonds bear interest equal to 1.82%, and mature January 26, 2018.

In June 2016, the Bond Bank issued Series 2016 A Bonds in the amount of \$176,780,000 to purchase the Indianapolis Airport Authority Series 2016 A Refunding Bonds, the proceeds of which will be used to allow for the redemption of the Indianapolis Airport Authority Revenue Bonds, Series 2006 A. The bonds bear interest that varies between 1.05% and 5.00%, and mature January 1, 2036.

In July 2016, the Bond Bank issued Series 2016 B Notes in the amount of \$50,000,000 to purchase the City of Indianapolis, Indiana Stormwater District Notes of 2016, the proceeds of which will be used to fund the Stormwater District. The bonds bear interest equal to 1.36%, and mature July 1, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

**SCHEDULE OF THE BOND BANK'S PROPRTIONATE SHARE
OF THE NET PENSION LIABLITY (UNAUDITED)**

**PUBLIC EMPLOYEE'S RETIREMENT FUND
Last 10 Fiscal Years***

	2015	2014
Bond Bank's proportion of the net position liability	0.01443%	0.01499%
Bond Bank's proportionate share of the net pension liability	\$587,720	\$393,927
Bond Bank's covered-employee payroll	\$691,222	\$731,734
Bond Bank's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.0%	53.8%
Plan fiduciary net position as a percentage of the total pension liability	77.3%	84.3%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2014 for GASB Statement No. 68 purposes.

THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

SCHEDULE OF THE BOND BANK'S CONTRIBUTIONS (UNAUDITED)

PUBLIC EMPLOYEE'S RETIREMENT FUND

Last 10 Fiscal Years*

	2015	2014
Contractually required contribution	\$ 59,996	\$ 53,059
Contributions in relation to the contractually required contribution	<u>\$ 59,996</u>	<u>\$ 53,059</u>
Contribution deficiency	\$ -	\$ -
Bond Bank's covered-employee payroll	\$691,222	\$731,734
Contributions as a percentage of covered-employee payroll	8.7%	7.3%

*The effort and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2014 for GASB Statement No. 68 purposes.