# THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

## FINANCIAL STATEMENTS
## AND
## INDEPENDENT AUDITORS' REPORT

**December 31, 2014 and 2013**

# 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, which comprises the statements of net position as of December 31, 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the year 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; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 opinion.

***Opinion***

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, 2014, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.



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***2013 Financial Statements***

The financial statements of The Indianapolis Local Public Improvement Bond Bank as of and for the year ended December 31, 2013, were audited by other auditors whose report dated June 2, 2014, expressed an unmodified opinion on those financial statements prepared in accordance with accounting principles generally accepted in the United States.

**Report on Required Supplementary Information**

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 7 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, 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 20, 2015, 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 20, 2015

# THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
## DECEMBER 31, 2014

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, 2014. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

## FINANCIAL HIGHLIGHTS

- For 2014, expenses exceeded revenues by $1.65 million, which is reflected in the decrease in net position.
- Total assets decreased from $4.63 billion at December 31, 2013 to $4.44 billion at December 31, 2014. This is a decrease of approximately $190 million. This decrease occurred primarily in restricted cash equivalents and loans receivable.
- During 2014, the Bond Bank issued $228.13 million in new and refunding bonds. The Bond Bank's Series 2014 A bonds accounted for $47.79 million of the new bonds issued. The proceeds of Series 2014 A bonds were used to refund the 2013 B notes and continue to fund the Economic Development District's Mass Ave., Pulliam, and Millikan projects. The Bond Bank's Series 2014 B bonds accounted for $3.58 million of the new bonds issued. The proceeds of Series 2014 B bonds were used to refund the 2013 A notes and continue to fund the Economic Development District's Mass Ave. and Pulliam projects. The Bond Bank's Series 2014 C bonds accounted for $11.42 million of the new bonds issued. The proceeds of Series 2014 C bonds were used to refund the 2004 E bonds and 2010 B notes and continue to fund the Redevelopment District's Fall Creek / Citizen Housing program. The Bond Bank's Series 2014 D bonds accounted for $165.34 million of the new bonds issued. The proceeds of Series 2014 D bonds were used to refund the 2004 I bonds and continue to fund the Indianapolis Airport Authority's Midfield Terminal project.
- The Bond Bank's Series 2014 A Note is a bond anticipation note issued on July 9, 2014. The Series 2014 A Note functions similar to a line of credit. As of December 31, 2014, no funds were drawn on the note. The proceeds of Series 2014 A Notes will be used to fund the IndyGo public transit system. The Bond Bank had no other new notes in 2014.
- During 2014, the Bond Bank refunded bonds of $219.78 million. In addition, the Bond Bank made principal payments of $163.33 million on bonds payable and $11.24 million on notes payable.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

A Proprietary Fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Bond Bank's financial statements include statements of net 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.

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The *statements of net position* present information on all of the Bond Bank's assets and liabilities, with the difference between the two 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 8 to 10 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 to 32 of this report.

**FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Bond Bank, liabilities exceeded assets by $29.74 million at the close of the most recent fiscal year.

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

| | | December 31, | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Current assets | $ 408,360 | $ 473,371 | $ 682,094 |
| Noncurrent assets | 4,030,487 | 4,157,012 | 4,259,862 |
| Total Assets | 4,438,847 | 4,630,383 | 4,941,956 |
| Deferred Outflows of Resources | 36,826 | 22,342 | 42,258 |
| Current liabilities | 388,928 | 455,610 | 674,540 |
| Long-term liabilities | 4,079,654 | 4,188,271 | 4,305,133 |
| Total Liabilities | 4,468,582 | 4,643,881 | 4,979,673 |
| Deferred Inflows of Resources | 192 | 298 | 239 |
| Net Position | $ 6,899 | $ 8,546 | $ 4,302 |

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 2013 and 2014, the pay down of bonds and notes payable has exceeded new issuances of debt.

**FINANCIAL ANALYSIS (CONTINUED)**

**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, 2014 | 2013 | 2012 |
|---|---|---|---|
| Operating Revenues: | | | |
| Interest | $ 189,035 | $ 192,848 | $ 194,085 |
| Fees | 2,905 | 3,376 | 3,498 |
| Other | 164 | 796 | |
| Total Operating Revenues | 192,104 | 197,020 | 197,583 |
| Operating Expenses: | | | |
| Interest | 187,718 | 189,605 | 193,012 |
| Administrative costs | 1,863 | 1,762 | 1,661 |
| Total Operating Expenses | 189,581 | 191,367 | 194,673 |
| Operating Income | 2,523 | 5,653 | 2,910 |
| Other Financing Uses | (4,170) | (1,409) | (2,877) |
| Increase (decrease) in net position | (1,647) | 4,244 | 33 |
| Net Position – Beginning of Year | 8,546 | 4,302 | 4,269 |
| Net Position – End of Year | $ 6,899 | $ 8,546 | $ 4,302 |

The Bond Bank's net position decreased by approximately $1.65 million during the current fiscal year. Key elements of this increase are as follows:

Total operating revenues decreased by $4.91 million. Interest income is received on loans receivable, as well as investments, and decreased $3.81 million. Operating fees revenue decreased by $.47 million. Other revenue decreased by $.63 million.

Total operating expenses decreased by $1.79 million. Interest expense on bonds payable decreased $1.89 million. The remainder of the operating expenses consists of administrative expenses, trustee fees and professional fees and increased $.10 million.

Total other financing uses increased by $2.76 million.

The figures 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 profit of $37K in 2014 and an overall net profit of $1.01 million in 2013.

The Bond Bank provides financial support to certain City of Indianapolis initiatives and properties. Amongst others, they include Indianapolis Downtown Inc., which develops, manages and markets downtown Indianapolis, Indiana; Union Station, which leases out space for a wide variety of purposes, including retail and office use; Central Indiana Community Foundation's (CICF) Enterprise Community Fund, which helps support the City's street lighting operating fund; and the National Urban Fellows Program, which develops professionals of all ethnic and racial backgrounds, particularly people of color and women, to be leaders and change agents in the public and nonprofit sectors.

## FINANCIAL ANALYSIS (CONTINUED)

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. The fee revenue earned from those 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 2014, the financial support supplied to just the four 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 $155 thousand. In 2013, fee revenues exceeded the financial support, but only resulted in a net profit of $69 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 $4.20 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, | | |
|---|---|---|---|
| | **2014** | **2013** | **2012** |
| Bonds payable | $4,200,613 | $4,315,155 | $4,385,771 |
| Note payable | 2,500 | 33,863 | 44,122 |

During 2014, the Bond Bank issued $228.13 million in new and refunding bonds.

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

*Bond Series 2014 A* ($47,785,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2013 B, as well as to purchase the City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2014 A, 2014 C, and 2014 D. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2014 A Bonds as well as certain program expenses of the Bond Bank.

*Bond Series 2014 B* ($3,585,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Notes, Series 2013 A, as well as to purchase the City of Indianapolis, Indiana Taxable Economic Development Tax Increment Revenue Bonds, Series 2014 B and 2014 E. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2014 B Bonds as well as certain program expenses of the Bond Bank.

*Bond Series 2014 C* ($11,420,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2004 E and the Indianapolis Local Public Improvement Bond Bank Notes, Series 2010 B, as well as to purchase the City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2014. A portion of the proceeds was used to fund a debt service reserve fund and pay the cost of issuance of the Series 2014 C Bonds as well as certain program expenses of the Bond Bank.

*Bond Series 2014 D* ($165,340,000) was used to refund the outstanding principal amounts of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2004 I, as well as to purchase the Indianapolis Airport Authority Series 2014 A Refunding Bonds. A portion of the proceeds was used to pay the cost of issuance of the Series 2014 D Bonds as well as certain program expenses of the Bond Bank.

## DEBT ADMINISTRATION (CONTINUED)

*Note Series 2014 A* ($0) is the Indianapolis Public Transportation Corporation Bond Anticipation Notes, Series 2014 A (IndyGo public transit system). It functions similar to a line of credit. As December 31, 2014, no funds were drawn out. A portion of the proceeds will be used to pay 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.

# THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

## STATEMENTS OF NET POSITION
## December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and equivalents | $ 3,768,991 | $ 2,660,124 |
| Cash and equivalents-restricted | 139,647,728 | 181,884,479 |
| Interest receivable | 82,448,739 | 84,669,924 |
| Investments held by trustee, at fair value | 16,172,359 | 17,236,319 |
| Loans receivable from qualified entities | 163,166,745 | 182,744,760 |
| Receivables and advances to qualified entities-net of allowance for doubtful accounts of $54,757 in 2014 and $247,603 in 2013. | 2,793,710 | 3,796,957 |
| Prepaid expenses and other assets | 361,785 | 378,743 |
| Total Current Assets | 408,360,057 | 473,371,306 |
| Noncurrent Assets: | | |
| Loans receivable | 4,030,486,896 | 4,157,011,735 |
| Total Noncurrent Assets | 4,030,486,896 | 4,157,011,735 |
| **TOTAL ASSETS** | 4,438,846,953 | 4,630,383,041 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Accumulated decrease in fair value of hedging derivatives | 36,825,648 | 22,341,650 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Interest payable | 81,362,858 | 83,410,623 |
| Accounts payable and accrued expenses | 187,026 | 135,950 |
| Funds held for qualified entities | 147,093,758 | 188,973,987 |
| Notes payable-current | 2,500,000 | 27,270,000 |
| Bonds payable-current | 157,784,745 | 155,819,760 |
| Total Current Liabilities | 388,928,387 | 455,610,320 |
| Noncurrent Liabilities: | | |
| Notes payable | | 6,593,169 |
| Bonds payable | 4,042,827,807 | 4,159,335,538 |
| Derivitive instrument - rate swap | 36,825,648 | 22,341,650 |
| Total Noncurrent Liabilities | 4,079,653,455 | 4,188,270,357 |
| Total Liabilities | 4,468,581,842 | 4,643,880,677 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred gain on refunding of debt | 192,150 | 297,562 |
| **NET POSITION** | $ 6,898,609 | $ 8,546,452 |

*See accompanying notes.*

## THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Interest | $ 189,035,072 | $ 192,847,671 |
| Fees | 2,904,830 | 3,376,507 |
| Other | 164,376 | 796,260 |
| Total Operating Revenues | 192,104,278 | 197,020,438 |
| **OPERATING EXPENSES** | | |
| Interest | 187,718,125 | 189,604,925 |
| Administrative costs | 1,863,434 | 1,762,453 |
| Total Operating Expenses | 189,581,559 | 191,367,378 |
| **OPERATING INCOME** | 2,522,719 | 5,653,060 |
| **OTHER FINANCING USES** | | |
| Allowance and expenditures for the City | 3,809,781 | 1,022,231 |
| Allowance and expenditures for Union Station | 360,781 | 386,613 |
| Total Other Financing Uses | 4,170,562 | 1,408,844 |
| **INCREASE (DECREASE) IN NET POSITION** | (1,647,843) | 4,244,216 |
| **NET POSITION** | | |
| Beginning of Year | 8,546,452 | 4,302,236 |
| End of Year | $ 6,898,609 | $ 8,546,452 |

*See accompanying notes.*

## THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

### STATEMENTS OF CASH FLOWS
### Years Ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Fees received | $ 2,904,830 | $ 3,376,507 |
| Cash payments for salaries, administrative and other expenses | (1,631,024) | (1,013,121) |
| Net Cash Provided by Operating Activities | 1,273,806 | 2,363,386 |
| **INVESTING ACTIVITIES** | | |
| Maturities of loans to qualified entities | 394,812,929 | 316,295,390 |
| Issuance of loans to qualified entities | (246,001,968) | (224,245,283) |
| Decrease in investments | 1,063,960 | |
| Interest received on loans and investments | 191,256,257 | 189,222,898 |
| Net Cash Provided by Investing Activities | 341,131,178 | 281,273,005 |
| **NON-CAPITAL FINANCING ACTIVITIES** | | |
| Proceeds from debt issuance | 245,733,907 | 285,779,756 |
| Deferred charges and debt issuance costs | (105,412) | 58,440 |
| Principal payments to reduce indebtedness | (394,347,929) | (371,814,390) |
| Transfers and expenditures for qualified entities | (45,047,544) | (235,893,371) |
| Interest paid on bonds and note payable | (189,765,890) | (187,160,071) |
| Net Cash Used by Non-Capital Financing Activities | (383,532,868) | (509,029,636) |
| **NET DECREASE IN CASH AND EQUIVALENTS** | (41,127,884) | (225,393,245) |
| **CASH AND EQUIVALENTS** | | |
| Beginning of Year | 184,544,603 | 409,937,848 |
| End of Year | $ 143,416,719 | $ 184,544,603 |
| **CASH AND EQUIVALENTS** | | |
| Cash and equivalents | $ 3,768,991 | $ 2,660,124 |
| Cash and equivalents-restricted | 139,647,728 | 181,884,479 |
| | $ 143,416,719 | $ 184,544,603 |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:** | | |
| Operating income | $ 2,522,719 | $ 5,653,060 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Change in prepaid expenses and other assets | 16,958 | (29,701) |
| Change in accounts payable | 51,076 | (17,227) |
| Interest income | (189,035,072) | (192,847,671) |
| Interest expense | 187,718,125 | 189,604,925 |
| Net Cash Provided by Operating Activities | $ 1,273,806 | $ 2,363,386 |

*See accompanying notes.*

## 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. The Bond Bank follows GASB pronouncements as codified under GASB Statement No. 62.

## 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. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

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

***Investments:*** All investments are reflected at fair value in accordance with GASB 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.

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

***Interest Rate Swap Agreements:*** The Bond Bank has entered into interest rate swap agreements to modify interest rates on outstanding debt. In addition, changes in fair value of instruments used for investment purposes or that are reported as investment instruments because of ineffectiveness are reported within the Statement of Revenues, Expenses and Changes in Net Position. Hedging derivative instruments with a change in fair value deemed effective are reported in the Statement of Net Position as deferrals.

***Defeasance of Debt:*** Subject to specific covenants with bond or note holders, the Bond Bank considers debt to be defeased when cash or other assets are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on a specific obligation. The related liability and assets held in trust for the related bonds are removed from the financial statements. The difference between the cost of escrowed funds to defease debt and the net carrying amount of defeased debt is amortized as a component of interest expense over the life of the new debt or the defeased debt, whichever is shorter.

***Reclassifications:*** Certain items in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

***Subsequent Events:*** The Bond Bank has evaluated the financial statements for subsequent events occurring through July 20, 2015, 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.

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 | 3,768,991 | 3,768,991 |
| Total Deposits and Investments | $ 158,468,441 | $ 159,589,078 |

The Bond Bank's deposits and investments at December 31, 2013, are summarized as follows:

| | Cost | Fair Value |
|---|---|---|
| U.S. Government agency obligations | $ 56,727,310 | $ 57,726,684 |
| Money market funds | 119,502,795 | 119,502,795 |
| Commercial paper | 4,529,771 | 4,655,000 |
| Guaranteed investment contracts | 17,236,319 | 17,236,319 |
| Cash | 2,660,124 | 2,660,124 |
| Total Deposits and Investments | $ 200,656,319 | $ 201,780,922 |

### 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, 2014, the Bond Bank had cash balances of $3,308,987 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, 2014, the Bond Bank had the following investments and maturities:

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than 1** | **1-5** | **6-10** | **More Than 10** |
| U.S. Government agency obligations | $ 49,223,203 | $ 49,223,203 | | | |
| Money market funds | 85,769,525 | 85,769,525 | | | |
| Commercial paper | 4,655,000 | 4,655,000 | | | |
| Guaranteed investment contracts | 16,172,359 | 16,172,359 | | | |
| | $155,820,087 | $155,820,087 | | | |

### 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, 2014:

| **Credit Ratings** | **S&P** | **Fitch** | **Moody's** | **Fair Value** |
|---|---|---|---|---|
| U.S. Government agency Obligations | AAA | AAA | Aaa | $ 49,223,203 |
| Money market funds | AAAm | AAAmf | Aaa-mf | 85,769,525 |
| Chesham Fnc Chesh CP | A-1 | N/A | P-1 | 4,655,000 |
| FSA Cap Mgmt Serv LLC GIC | AA+ | AAA | Aa3 | 16,172,359 |
| Total Rated Investments | | | | $ 155,820,087 |

### 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, 2014:

| | |
|---|---|
| Bank of New York Cash Reserve | 37% |
| U.S. Government | 32% |

## NOTE 3 - LOANS TO QUALIFIED ENTITIES

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

The Bond Bank's loans to qualified entities at December 31, 2014 and 2013, are as follows:

| | **2014** | **2013** |
|---|---|---|
| Marion County Convention and Recreational Facilities Authority Bonds of 1991, Series C, maturing January 1, 2015 to 2017, with interest at 5.5%. | $ 38,325,000 | $ 49,790,000 |
| Health & Hospital Corp. of Marion County Bonds of 1988, Series A, maturing June 30, 2015 to December 30, 2019,with interest at 7.4%. | 9,545,000 | 11,075,000 |
| Indianapolis-Marion County Building Authority Bonds, City of Indianapolis Redevelopment District Tax Increment Revenue Bonds of 1992, Series A, matured February 1, 2014, with interest at 6.75%. | | 15,880,000 |
| 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 |
| Citizens Energy Group (formerly City of Indianapolis, Waterworks District) Revenue Bonds, Series 2002 A, matured January 1, 2014, with interest at 5.5%. | | 4,410,000 |
| City of Indianapolis, Fall Creek Project, Series 2004 A, with interest ranging from 5.0% to 5.4%, refunded on June 26, 2014 by the City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2014, representing amounts maturing February 1, 2029. | | 10,740,000 |
| City of Indianapolis Airport Authority Revenue Bonds, Series 2004 A, with interest ranging from 4.75% to 5.25%, refunded on October 8, 2014 by the Indianapolis Airport Authority Series 2014 A Refunding Bonds, representing amounts maturing on January 1, 2034. | | 193,750,000 |
| City of Indianapolis Simon Notes Series 2004 A, was to mature February 1, 2015 to 2017, paid off August 1, 2014, with interest indexed to LIBOR. | | 1,353,169 |
| City of Indianapolis Simon Notes Series 2004 B, matured August 1, 2014, with interest indexed to LIBOR. | | 6,825,000 |
| City of Indianapolis Simon Notes Series 2004 C, matured August 1, 2014, with interest indexed to LIBOR. | | 3,000,000 |
| City of Indianapolis, Pension Bonds of 2005, Series A (also known as 2013, Series A after partial refunding) maturing January 15, 2015 to 2022, with interest ranging from 4.70% to 5.28%. | 58,560,000 | 64,885,000 |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| City of Indianapolis Airport Authority Revenue Bonds, Series 2005 A, maturing January 1, 2023 to 2033, with interest ranging from 4.75% to 5.25%. | $197,385,000 | $197,385,000 |
| Health and Hospital Corporation of Marion County Series 2005, maturing January 1, 2015 to 2025, with interest ranging from 4.35% to 5.25%. | 19,260,000 | 20,635,000 |
| Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Refunding Bonds, Series 2005 F, maturing Jaunary 1, 2015 to 2029, with interest ranging from 4% to 5%. | 64,690,000 | 69,705,000 |
| 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, maturing January 15, 2015 to July 15, 2021, with interest ranging from 4% to 5%. | 9,535,000 | 10,675,000 |
| Indianapolis Airport Authority Revenue Bonds, Series 2006 A, maturing January 1, 2015 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 July 1, 2018. | 234,405,000 | 248,080,000 |
| City of Lawrence, (Fort Harrison Reuse Authority), Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006, maturing February 1, 2015 to 2026, with interest ranging from 4% to 5%. | 8,055,000 | 8,580,000 |
| 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, 2015 to 2035, with interest at 5.9%. | 69,045,000 | 70,110,000 |
| City of Indianapolis, Flood Control District Refunding Bonds, Series 2007 A, maturing January 1, 2015 to 2018, with interest at 5%. | 4,635,000 | 5,660,000 |
| City of Indianapolis, Metropolitan Thoroughfare District Refunding Bonds, Series 2007 A, maturing January 1, 2015 to 2018, with interest at 5%. | 17,835,000 | 21,770,000 |
| City of Indianapolis, Park District Refunding Bonds, Series 2007 A, maturing January 1, 2015 to 2018, with interest at 5%. | 9,960,000 | 12,160,000 |
| City of Indianapolis, Sanitary District Refunding Bonds, Series 2007 C, maturing January 1, 2015 to 2018, with interest at 5%. | 23,395,000 | 28,570,000 |

## NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)

| | 2014 | 2013 |
|---|---|---|
| City of Indianapolis, Redevelopment District Tax Increment Refunding Revenue Bonds, Series 2007 A, maturing February 1, 2015 to 2021, with interest ranging from 4.00% to 4.13%. | $ 5,230,000 | $ 5,925,000 |
| City of Indianapolis, Taxable Economic Development Revenue Bonds, 2007 (Glendale Mall), maturing February 1, 2015 to 2027, with interest ranging from 5.64% to 6.21%. | 4,325,000 | 4,550,000 |
| City of Indianapolis, Taxable Economic Development Revenue Bonds, Series 2007 (PRF Accelerator), maturing February 1, 2015 to 2023, with interest at 6.2%. | 3,675,000 | 3,975,000 |
| 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, 2015 to 2038 with interest ranging from 4.50% to 5.25%. | 92,940,000 | 95,455,000 |
| Facilities Revenue Bonds of 2007, maturing January 15, 2015 to July 15, 2021, with interest ranging from 3.75% to 4.13%. | 2,070,000 | 2,320,000 |
| City of Indianapolis, Redevelopment District Bonds, Series 2008 A, maturing February 1, 2015 to 2038, with interest ranging from 3.75% to 5.00%. | 55,185,000 | 56,460,000 |
| City of Indianapolis, MECA General Obligation Bonds, Series 2008 B, maturing January 15, 2015 to 2024, with interest ranging from 4.0% to 5.6%. | 28,350,000 | 30,660,000 |
| Citizens Energy Group (formally City of Indianapolis, Waterworks District) Net Revenue Bonds, Series 2009 A, maturing January 1, 2015 to 2038, with interest ranging from 4.00% to 5.63%. | 539,310,000 | 545,845,000 |
| City of Indianapolis, Redevelopment District Subordinate Tax Increment Revenue Refunding Bonds, Series 2009 A, maturing February 1, 2015 to 2020, with interest rate at 5%. | 145,780,000 | 145,780,000 |
| City of Indianapolis, Redevelopment District Subordinate Taxable Tax Increment Revenue Bonds, Series 2009 B, maturing February 1, 2015, with interest at 3.8%. | 115,000 | 5,445,000 |
| Fort Harrison Military Base Reuse District Tax Increment Revenue Revenue Bonds, Series 2009, maturing February 1, 2015 to 2026, with interest ranging from 3.25% to 5.00%. | 9,325,000 | 9,635,000 |
| City of Indianapolis, Sanitary District Revenue Bonds, Series 2009 A, maturing January 1, 2015, with interest at 4%. | 515,000 | 1,015,000 |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| City of Indianapolis, Redevelopment District Revenue Bonds, Series 2009 A, maturing January 1, 2015, with interest at 4%. | $ 265,000 | $ 525,000 |
| City of Indianapolis, Flood Control District Revenue Bonds, Series 2009 A, maturing January 1, 2015, with interest at 4%. | 180,000 | 355,000 |
| Indianapolis Public Transportation Corp. Revenue Bonds, Series 2009 A, maturing January 10, 2015 to 2016, with interest at 4%. | 2,290,000 | 3,605,000 |
| City of Indianapolis, Building Authority Revenue Bonds, Series 2009 A, maturing January 1, 2015 to 2017, with interest ranging from 4.41% to 5.03%. | 2,500,000 | 3,265,000 |
| Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the Health and Hospital Corporation of Marion County, IN, maturing January 15, 2015 to 2040 with interest ranging from 4% to 6%. | 177,835,000 | 186,565,000 |
| Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 B, issued by the Indianapolis-Marion County Building Authority, maturing January 15, 2015 to 2040 with interest ranging from 3.00% to 6.12%. | 460,990,000 | 463,310,000 |
| City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2010 A, maturing February 1, 2015 to 2025, with interest at 5%. | 5,567,469 | 5,962,229 |
| Indianapolis Local Public Improvement Bond Bank Bonds, Series 2010 A, issued by the City of Indianapolis, IN, maturing February 1, 2015 to 2025, with interest ranging from 3.00% to 5.13%. | 17,375,000 | 17,375,000 |
| City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2010 D, maturing February 1, 2015 to 2035, with interest ranging from 2.60% to 5.15%. | 5,045,000 | 5,045,000 |
| City of Indianapolis, Sanitary District PILOT Revenue Bonds, Series 2010 A, maturing January 1, 2019 to 2040, with interest ranging from 4.13% to 5.00%. | 159,515,000 | 159,515,000 |
| City of Indianapolis, Indianapolis Airport Authority Bonds, Series 2010 L, remarketed October 1, 2012 (2012E), maturing January 1, 2015 to 2037, bearing interest at a weekly rate, subject to swap agreement (see Notes 6 and 7). | 337,280,000 | 341,735,000 |
| City of Indianapolis, Redevelopment District Tax Increment Revenue Notes, Series 2010 B, with interest at 3.75%, refunded on June 26, 2014 by the City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2014, representing amounts maturing February 1, 2029. | | 2,860,000 |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| City of Indianapolis, Redevelopment Dist. Limited Recourse Notes, Series 2010 A, maturing July 30, 2015, with interest at 3.92%. | $ 2,500,000 | $ 2,500,000 |
| 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, 2015 to 2021, with interest ranging from 2.91% to 4.81%. | 15,310,000 | 15,310,000 |
| City of Indianapolis, Redevelopment District Tax Increment Revenue Multipurpose Bonds, Series 2011 A, maturing February 1, 2015 to August 1, 2024, with interest ranging from 3% to 5%. | 32,625,000 | 35,140,000 |
| Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011 A, maturing June 1, 2015 to 2021, with interest ranging from 3% to 5%. | 28,320,000 | 31,750,000 |
| Citizens Energy Group (formally City of Indianapolis Waterworks District) Net Revenue Bonds, Series 2011 A, maturing January 1, 2015 to 2041, with interest ranging from 3.25% to 5.13%. | 56,120,000 | 57,170,000 |
| City of Indianapolis, Economic Development Tax Increment Revenue Bonds, Series 2011 C, maturing February 1, 2015 to 2036, with interest ranging from 3.00% to 5.75%. | 25,425,000 | 25,425,000 |
| City of Indianapolis, Stormwater District Bonds, Series 2011, maturing January 1, 2015 to 2041, with interest ranging from 3.58% to 5.25%. | 15,765,000 | 16,115,000 |
| 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, 2015 to 2021, with interest at 5%. | 15,260,000 | 17,025,000 |
| Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011 A, maturing June 1, 2015 to 2027, with interest ranging from 4.5% to 5.0%. | 177,290,000 | 183,175,000 |
| Indianapolis Public Transportation Corporation General Obligation Bonds, Series 2012 (2002 piece), maturing January 10, 2015 to 2017, with interest ranging from 4.45% to 5.13%. | 2,445,000 | 2,720,000 |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| Marion County Convention and Recreational Facilities Authority (MCCRFA) Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2012 A, maturing June 1, 2015 to 2021, with interest ranging from 1.19% to 3.06%. | $ 39,500,000 | $ 43,970,000 |
| City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2012 A, maturing February 1, 2015 to August 1, 2020, with interest at 3.34%. | 2,300,000 | 2,445,000 |
| Indianapolis Airport Authority Refunding Revenue Bonds, Series 2012 A, maturing July 1, 2015 to 2019, with interest at 1.25%. | 37,285,000 | 44,025,000 |
| City of Indianapolis, Economic Development District Taxable Special Program Refunding Bonds, Series 2012 I (formally 2004 B), maturing April 1, 2015 to 2030, with interest ranging from 0.85% to 3.60%. | 7,205,000 | 7,585,000 |
| City of Indianapolis, Economic Development District Special Program Refunding Bonds, Series 2012 J (formally 2004 C), maturing April 1, 2015 to 2039, with interest ranging from 2% to 5%. | 16,335,000 | 16,575,000 |
| City of Indianapolis, Economic Development District Revenue Bonds, Series 2012, were to mature December 1, 2017, paid off ahead of schedule on November 19, 2014, with interest at 2.7%. | | 7,500,000 |
| Indianapolis-Marion County Building Authority Qualified Obligation Bonds, Series 2013 A, maturing January 15, 2015 to 2040, with interest ranging from 3% to 5%. | 41,055,000 | 42,460,000 |
| City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Parks District, maturing January 1, 2015 to 2018, with interest at 5.25%. | 1,889,000 | 2,324,000 |
| City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Metropolitan Thoroughfare District, maturing January 1, 2015 to 2018, with interest at 5.25%. | 4,337,000 | 5,339,000 |
| City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Flood Control District, maturing January 1, 2015 to 2018, with interest at 5.25%. | 878,000 | 1,080,000 |
| City of Indianapolis, Indiana Refunding Bonds of 2013, Series A for the Sanitary District, maturing January 1, 2015 to 2018, with interest at 5.25%. | 4,435,000 | 5,451,000 |
| City of Indianapolis, Indiana, Stormwater District, Refunding Revenue Bonds of 2013, Series A, maturing January 1, 2015 to 2026, with interest ranging from 3.25% to 5.00%. | 37,915,000 | 38,355,000 |
| Indianapolis-Marion County Building Authority Bonds, Series 2013 (2003 B piece), maturing January 15, 2015 to 2023, with interest ranging from 4% to 5%. | 6,860,000 | 7,665,000 |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| City of Indianapolis, Redevelopment District Tax Increment Revenue Bonds, Series 2013 A, maturing February 1, 2015 to 2029, with interest ranging from 2% to 5%. | $ 23,590,000 | $ 24,970,000 |
| 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, 2015 to 2019, with interest ranging from 3% to 5%. | 7,460,000 | 9,010,000 |
| Indianapolis Airport Authority Refunding Revenue Bonds, Series 2013 A, maturing January 1, 2015 to July 1, 2018, interest at 1.8%. | 12,570,000 | 13,000,000 |
| Indianapolis Airport Authority Refunding Revenue Bonds, Series 2013 B, maturing January 1, 2015 to July 1, 2018, interest at 1.61%. | 22,695,000 | 24,845,000 |
| City of Indianapolis, Indiana, Taxable Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2013 A, with interest at 1.62%, refunded on September 3, 2014 by the City of Indianapolis, Indiana Taxable Economic Development Tax Increment Revenue Bonds, Series 2014 B and 2014 E, representing amounts maturing February 1, 2024. | | 2,325,000 |
| City of Indianapolis, Indiana, Economic Development Tax Increment Revenue Bond Anticipation Notes, Series 2013 B, with interest at 1.05%, refunded on September 3, 2014 by the City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2014 A, 2014 C, and 2014 D, representing amounts maturing February 1, 2031. | | 15,000,000 |
| City of Indianapolis, Indiana Economic Development Tax Increment Revenue Bonds, Series 2014 A, 2014 C, and 2014 D, maturing February 1, 2015 to 2031, with interest ranging from 2% to 5%. | 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 ranging from 2.30% to 3.43%. | 3,585,000 | |
| City of Indianapolis, Indiana Redevelopment District Tax Increment Revenue Refunding Bonds, Series 2014, maturing February 1, 2015 to 2029, with interest ranging from 0.45% to 4.50%. | 11,420,000 | |

**NOTE 3 - LOANS TO QUALIFIED ENTITIES (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| Indianapolis Airport Authority Series 2014 A Refunding Bonds, maturing January 1, 2017 to 2034, with interest ranging from 3% to 5%. | $165,340,000 | |
| | 4,198,871,469 | $4,365,554,398 |
| Less: Unamortized discount/premium | (5,217,828) | (25,797,903) |
| | 4,193,653,641 | 4,339,756,495 |
| Less: Current Portion of Loans Receivable | (163,166,745) | (182,744,760) |
| Long-term Portion of Loans Receivable | $4,030,486,896 | $4,157,011,735 |

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, 2014 and 2013, are summarized as follows:

| | 2014 | 2013 |
|---|---|---|
| Series 1992 B Bonds, maturing January 10, 2015 to 2020, with interest at 6%. | $ 11,315,000 | $ 12,845,000 |
| Series 1992 D Bonds, matured February 1, 2014, with interest at 6.75%. | | 15,880,000 |
| 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 |
| Series 2002 A Bonds, matured January 1, 2014, with interest at 5.5%. | | 4,410,000 |
| Series 2004 E Bonds, with interest ranging from 5.0% to 5.4%, refunded on June 26, 2014 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2014 C, representing amounts maturing February 1, 2029. | | 10,740,000 |
| Series 2004 I Bonds, with interest ranging from 4.75% to 5.25%, refunded on October 8, 2014 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2014 D, representing amounts maturing January 1, 2034. | | 193,750,000 |
| Series 2005 A Bonds, maturing January 1, 2015, 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. | 3,275,000 | 9,600,000 |
| Series 2005 B Bonds, maturing January 1, 2023 to 2033, with interest ranging from 4.75% to 5.25%. | 197,385,000 | 197,385,000 |
| Series 2005 D Bonds, maturing January 1, 2015 to 2025, with interest ranging from 4.35% to 5.25%. | 19,260,000 | 20,635,000 |

## NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

| | 2014 | 2013 |
|---|---|---|
| Series 2005 E Bonds, maturing January 1, 2015 to 2017, with interest ranging from 4.13% to 5.00%. The carrying value of the debt represents $38,420,000 and $49,970,000 of the Series 2005 E Bonds outstanding at December 31, 2014 and 2013, respectively, net of unamortized gain on defeasance of $97,147 and $190,949 at December 31, 2014 and 2013, respectively. | $ 38,517,147 | $ 50,160,949 |
| Series 2005 F Bonds, maturing January 1, 2015 to 2029, with interest ranging from 4% to 5%. | 64,690,000 | 69,705,000 |
| 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, maturing January 15, 2015 to July 15, 2021, with interest ranging from 4% to 5%. | 9,535,000 | 10,675,000 |
| Series 2006 F Bonds, maturing January 1, 2015 to 2036, with interest ranging from 4.75% to 5.00%. | 234,405,000 | 248,080,000 |
| Series 2006 H Bonds, maturing February 1, 2015 to 2026, with interest ranging from 4% to 5%. | 8,055,000 | 8,580,000 |
| 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 and $70,410,000 of the Series 2007 B Bonds outstanding at December 31, 2014 and 2013, net of unamortized gain on defeasance of $93,117 and $104,079 at December 31, 2014 and 2013, respectively. | 70,503,117 | 70,514,079 |
| Series 2007 C (Indianapolis Colts, Inc. Project), maturing June 1, 2015 to 2035, with interest at 5.9%. | 69,045,000 | 70,110,000 |
| Series 2007 D, Refunding Bonds, maturing February 1, 2015 to 2018, with interest at 5%. | 55,825,000 | 68,160,000 |
| Series 2007 E, Refunding Bonds, maturing February 1, 2015 to 2021, with interest ranging from 4.00% to 4.13%. The carrying value of the debt represents $5,230,000 and $5,925,000 of the Series 2007 E Bonds outstanding at December 31, 2014 and 2013, respectively, net of unamortized gain on defeasance of $1,886 and $2,534 at December 31, 2014 and 2013, respectively. | 5,231,886 | 5,927,534 |
| Glendale Mall Taxable Bonds, 2007 G, maturing February 1, 2015 to 2027, with interest ranging from 5.64% to 6.21%. | 4,325,000 | 4,550,000 |
| Series 2007 K Bonds, maturing February 1, 2015 to 2023, with interest at 6.2%. | 3,675,000 | 3,975,000 |
| Series 2007 L Bonds, maturing January 1, 2015 to 2038, with interest ranging from 4.50% to 5.25%. | 94,440,000 | 96,955,000 |

**NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| Series 2007 M Bonds, maturing January 15, 2015 to July 15, 2021, with interest ranging from 3.75% to 4.13%. | $ 2,070,000 | $ 2,320,000 |
| Series 2008 A Bonds, maturing February 1, 2015 to 2038, with interest ranging from 3.75% to 5.00%. | 55,185,000 | 56,460,000 |
| Series 2008 B Bonds, maturing January 15, 2015 to 2024, with interest ranging from 4.0% to 5.6%. | 28,350,000 | 30,660,000 |
| Series 2009 A Bonds, maturing January 1, 2015 to 2038, with interest ranging from 4.13% to 5.63%. | 539,310,000 | 545,845,000 |
| Series 2009 B Bonds, maturing February 1, 2015 to 2020, with interest at 5%. | 145,780,000 | 145,780,000 |
| Series 2009 C Bonds, maturing February 1, 2015, with interest at 3.8%. | 115,000 | 5,445,000 |
| Series 2009 D Bonds, maturing February 1, 2015 to 2026, with interest ranging from 3.25% to 5.00%. | 9,325,000 | 9,635,000 |
| Series 2009 F Bonds, maturing February 1, 2015 to 2017, with interest ranging from 4.00% to 5.03%. | 5,750,000 | 8,765,000 |
| Series 2010 A Bonds, maturing January 15, 2015 to 2040, with interest ranging from 4% to 6%. | 177,835,000 | 186,565,000 |
| Series 2010 B Bonds, maturing January 15, 2015 to 2040, with interest ranging from 3.00% to 6.12%. | 460,990,000 | 463,310,000 |
| Series 2010 C Bonds, maturing February 1, 2015 to 2025, with an interest rate at 5%. | 5,567,469 | 5,962,229 |
| Series 2010 D Bonds, maturing February 1, 2015 to 2025, with interest ranging from 3.00% to 5.13%. | 17,375,000 | 17,375,000 |
| Series 2010 E Bonds, maturing February 1, 2015 to 2035, with interest ranging from 2.60% to 5.15%. | 5,045,000 | 5,045,000 |
| Series 2010 F Bonds, maturing January 1, 2019 to 2040, with interest ranging from 4.13% to 5.00%. | 159,515,000 | 159,515,000 |
| Series 2010 L Bonds, remarketed October 1, 2012, maturing January 1, 2015 to 2037, bearing interest at a weekly rate, subject to swap agreement (see Notes 6 and 7). | 337,280,000 | 341,735,000 |
| 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, 2015 to 2021, with interest ranging from 2.91% to 4.81%. | 15,310,000 | 15,310,000 |

**NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| Series 2011 C Bonds, maturing February 1, 2015 to 2024, with interest ranging from 3% to 5%. | $ 32,625,000 | $ 35,140,000 |
| Series 2011 D Bonds, maturing June 1, 2015 to 2021, with interest ranging from 3% to 5%. | 28,320,000 | 31,750,000 |
| Series 2011 E Bonds, maturing January 1, 2015 to 2041, with interest ranging from 3.25% to 5.13%. | 56,120,000 | 57,170,000 |
| Series 2011 F Bonds, maturing February 1, 2015 to 2036, with interest ranging from 3.00% to 5.75%. | 25,425,000 | 25,425,000 |
| Series 2011 H Bonds, maturing January 1, 2015 to 2041, with interest ranging from 3.58% to 5.25%. | 15,765,000 | 16,115,000 |
| 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, 2015 to 2027, with interest ranging from 4.5% to 5.0%. | 192,555,000 | 200,200,000 |
| Series 2012 A Bonds, maturing January 10, 2015 to 2017, with interest at 2.05%. | 2,385,000 | 2,735,000 |
| Series 2012 B Bonds, maturing June 1, 2015 to 2021, with interest ranging from 1.19% to 3.06%. | 39,500,000 | 43,970,000 |
| Series 2012 F Bonds, maturing February 1, 2015 to August 1, 2020, with interest at 3.34%. | 2,300,000 | 2,445,000 |
| Series 2012 H Bonds, maturing January 1, 2015 to July 1, 2019, with interest at 1.25%. | 37,285,000 | 44,025,000 |
| Series 2012 I Bonds, maturing April 1, 2015 to 2030, with interest ranging from 0.85% to 3.60%. | 7,205,000 | 7,585,000 |
| Series 2012 J Bonds, maturing April 1, 2015 to 2039, with interest ranging from 2% to 5%. | 16,335,000 | 16,575,000 |
| Series 2012 K Bonds, were to mature December 1, 2017, paid off ahead of schedule on November 19, 2014, with interest at 2.7%. | | 7,500,000 |
| Series 2013 A Bonds, maturing January 15, 2015 to 2040, with interest ranging from 3% to 5%. | 41,055,000 | 42,460,000 |
| 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, 2015 to 2018, with interest ranging from 2% to 4%. | 12,090,000 | 14,930,000 |

**NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)**

| | 2014 | 2013 |
|---|---|---|
| Series 2013 D Bonds, maturing January 1, 2015 to 2026, with interest ranging from 3.25% to 5.00%. | $ 37,915,000 | $ 38,355,000 |
| Series 2013 E Bonds, maturing January 15, 2015 to 2023, with interest at 2.14%. | 7,665,000 | 7,665,000 |
| Series 2013 F Bonds, maturing February 1, 2015 to 2030, with interest ranging from 2% to 5%. | 43,640,000 | 45,020,000 |
| Series 2013 H Bonds, maturing January 1, 2015 to 2019, with interest ranging from 3% to 5%. | 7,460,000 | 9,010,000 |
| Series 2013 I Bonds, maturing January 1, 2015 to July 1, 2018, with interest at 1.8%. | 12,570,000 | 13,000,000 |
| Series 2013 J Bonds, maturing January 1, 2015 to July 1, 2018, with interest at 1.61%. | 22,695,000 | 24,845,000 |
| Series 2014 A Bonds, maturing February 1, 2015 to 2031, with interest ranging from 2% to 5%. | 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 | |
| Series 2014 C Bonds, maturing February 1, 2015 to 2029, with interest ranging from 0.45% to 4.50%. | 11,420,000 | |
| Series 2014 D Bonds, maturing January 1, 2017 to 2034, with interest ranging from 3% to 5%. | 165,340,000 | |
| | 4,205,749,619 | 4,340,709,791 |
| Plus/(Less): Deferred charges | (192,150) | (297,562) |
| | 4,205,557,469 | 4,340,412,229 |
| Less: Unamortized discount/premium | (4,944,917) | (25,256,931) |
| | 4,200,612,552 | 4,315,155,298 |
| Less: Current Portion of Bonds of Payable | (157,784,745) | (155,819,760) |
| Long-term Portion of Bonds Payable | $4,042,827,807 | $4,159,335,538 |

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

The Bond Bank's notes payable at December 31, 2014 and 2013, are summarized as follows:

| | 2014 | 2013 |
|---|---|---|
| Series 2004 A–C, dated October 28, 2004, paid off August 1, 2014, with interest at LIBOR. | | $ 11,178,169 |
| Series 2010 B Notes, dated August 9, 2010, with interest at 3.75%, refunded on June 26, 2014 by the Indianapolis Local Public Improvement Bond Bank Bonds, Series 2014 C, representing amounts maturing February 1, 2029. | | 2,860,000 |

## NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

| | 2014 | 2013 |
|---|---|---|
| Series 2010 C Notes dated July 30, 2010, maturing July 30, 2015, with interest at 3.92%. | $ 2,500,000 | $ 2,500,000 |
| Series 2013 A Notes dated September 30, 2013, matured September 30, 2014, with interest at 1.62%. | | 2,325,000 |
| Series 2013 B Notes dated November 26, 2013, matured September 30, 2014, with interest at 1.05%. | | 15,000,000 |
| | 2,500,000 | 33,863,169 |
| Less: Current Portion of Notes Payable | (2,500,000) | (27,270,000) |
| Long-term Portion of Notes Payable | $ | $ 6,593,169 |

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, 2014 and 2013, by private insurance policies.

Scheduled principal payments due on bonds and notes payable outstanding at December 31, 2014, are summarized as follows:

| Payable In | Principal | Interest | Debt Service |
|---|---|---|---|
| 2015 | $ 160,284,745 | $ 180,744,862 | $ 341,029,607 |
| 2016 | 175,045,741 | 176,409,349 | 351,455,090 |
| 2017 | 190,997,801 | 169,205,102 | 360,202,903 |
| 2018 | 190,430,977 | 161,776,479 | 352,207,456 |
| 2019 | 159,965,326 | 154,432,626 | 314,397,952 |
| 2020-2024 | 879,557,270 | 667,211,724 | 1,546,768,994 |
| 2025-2029 | 900,345,609 | 485,223,663 | 1,385,569,272 |
| 2030-2034 | 848,285,000 | 285,748,364 | 1,134,033,364 |
| 2035-2039 | 639,605,000 | 89,251,894 | 728,856,894 |
| 2040-2044 | 63,540,000 | 2,115,783 | 65,655,783 |
| | 4,208,057,469 | 2,372,119,846 | 6,580,177,315 |
| Less: Unamortized discount on bonds | (4,944,917) | | (4,944,917) |
| | $4,203,112,552 | $2,372,119,846 | $6,575,232,398 |

## NOTE 4 - BONDS AND NOTES PAYABLE (CONTINUED)

The Bond Bank's bonds and notes payable rollforward schedules at December 31, 2014 and 2013, are summarized as follows:

| | BONDS | NOTES |
|---|---|---|
| **Total Outstanding Debt at December 31, 2012** | $ 4,385,771,496 | $ 44,121,821 |
| Total Additions 2013 | 256,590,000 | 17,325,000 |
| Total Deductions 2013 | (344,230,738) | (27,583,652) |
| Outstanding Debt | 4,298,130,758 | 33,863,169 |
| Add: Change In Unamortized Discount/Premium | 17,024,540 | |
| **Total Outstanding Debt at December 31, 2013** | $ 4,315,155,298 | $ 33,863,169 |
| Total Additions 2014 | 228,130,000 | |
| Total Deductions 2014 | (362,984,760) | (31,363,169) |
| Outstanding Debt | 4,180,300,538 | 2,500,000 |
| Add: Change In Unamortized Discount/Premium | 20,312,014 | |
| **Total Outstanding Debt at December 31, 2014** | $ 4,200,612,552 | $ 2,500,000 |

During 2014, the Bond Bank's Series 2014 C bonds were issued for $11.42 million and the proceeds of Series 2014 C bonds were used to refund the 2004 E bonds and 2010 B notes and continue to fund the Redevelopment District's Fall Creek / Citizen Housing program. The cash flow difference between the debt service on the 2004 E bonds and 2010 B notes and the new debt was $1,592,412 and the net present value savings were $1,405,536.

During 2014, the Bond Bank's Series 2014 D bonds were issued for $165.34 million and the proceeds of Series 2014 D bonds were used to refund the 2004 I bonds and continue to fund the Indianapolis Airport Authority's Midfield Terminal project. The cash flow difference between the debt service on the 2004 I bonds and the new debt was $21,165,935 and the net present value savings were $17,667,274.

## NOTE 5 - DEFEASED DEBT

The outstanding balance of defeased debt which is not included in the financial statements amounted to $108,165,000 as of December 31, 2014 and $114,355,000 as of December 31, 2013.

## NOTE 6 - SWAP AGREEMENT

***Objective of the Swap:*** In order to protect against the potential of rising interest rates, the Bond Bank entered into one pay-fixed, receive-variable interest rate swap.

***Terms, Fair Values, and Credit Risk:*** The terms, including, the fair values and credit ratings of the outstanding swaps as of December 31, 2014, 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.

| *Associated Bond/Note Issue* | *Notional Amounts* | *Effective Date* | *Fixed Rate Paid* | *Floating Rate Option* | *Fair Values* | *Swap Termination Date* | *Counterparty Credit Rating S&P/Fitch/ Moody's* |
|---|---|---|---|---|---|---|---|
| **2010L – IAA (L-1)** | $100,000,000 | 7/1/2008 | 3.778% | 75% of USD-LIBOR-BBA | $ (24,489,489) | 1/1/2033 | A/A/A2 |
| **2010L – IAA (L-2)** | $50,000,000 | 7/1/2008 | 3.786% | 75% of USD-LIBOR-BBA | $ (12,336,159) | 1/1/2033 | A/A/Baa2 |
| | | | | | $ (36,825,648) | | |

***Fair Value:*** Because interest rates declined, the swaps had negative fair value as of December 31, 2014. 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, 2014, 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, 2014, two swaps equaled 100% of the notional amount of swaps outstanding. They are held by two, different counterparties. Those counterparties are rated A/A/A2 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, 2014, 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 |
|---|---|---|---|---|
| **2015** | | $ 1,352,950 | $ 5,132,133 | $ 6,485,083 |
| **2016** | | 1,352,950 | 5,132,133 | 6,485,083 |
| **2017** | | 1,352,950 | 5,132,133 | 6,485,083 |
| **2018** | | 1,352,950 | 5,132,133 | 6,485,083 |
| **2019** | | 1,352,950 | 5,132,133 | 6,485,083 |
| **2020-2024** | $ 11,650,000 | 6,659,671 | 25,262,069 | 43,571,740 |
| **2025-2029** | 68,595,000 | 4,449,447 | 16,878,045 | 89,922,492 |
| **2030-2034** | 69,755,000 | 985,850 | 3,739,613 | 74,480,463 |
| **Total** | $ 150,000,000 | $ 18,859,718 | $ 71,540,392 | $ 240,400,110 |

## NOTE 7 - VARIABLE RATE DEMAND BONDS

Included in long-term debt is $337,280,000 of Series 2010 L variable rate demand bonds maturing serially at various dates from January 1, 2015 and January 1, 2037. The bonds are payable solely from the revenues and assets pledged to the payment thereof pursuant to the Bond Trust Indentures. The redemption schedule for these bonds is included in the bond redemption schedule.

## NOTE 8 - RETIREMENT PLAN

### *Plan Description*

The Bond Bank contributed to the Public Employees' Retirement Fund (PERF). PERF as part of the implementation of GASB Statement No. 67 changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013, based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). 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. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township, and any department of, or associated with, a county, city, town, or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) 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).

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3 and IC 5-10.5. There are two (2) 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 (ASA) that supplements the defined benefit at retirement.

**NOTE 8 - RETIREMENT PLAN (CONTINUED)**

The PERF ASA Only Plan was established by the Indiana Legislature in 2011, and is governed by the INPRS Board of Trustees in accordance with IC 5-10.3-12 and IC 5-10.5. This 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. PERF ASA Only Plan members are full-time employees of the State of Indiana (as defined in IC 5-10.3-7-1(d)), who are in a position eligible for membership in the PERF Hybrid Plan and who elect to become members of the PERF ASA Only Plan. The PERF ASA Only Plan membership does not include individuals who: (1) before March 1, 2013, were members of the PERF Hybrid Plan or (2) on or after March 1, 2013, do not elect to participate in the PERF ASA Only Plan. Any government agency that pays employees through the Auditor of the State is a mandatory participant in the ASA Only Plan and must offer eligible employees the ASA Only Plan option. Quasi-government agencies and State educational institutions may choose to offer the ASA-Only Plan as an option to their employees. Since inception, 395 members have selected the ASA Only Plan, or approximately 9 percent of eligible new hires of the State.

Members are required to participate in an Annuity Savings Account (ASA). The ASA consists of the member's contributions, set by statute at three (3) 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 annuity savings accounts. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision. Investments in the members' annuity savings accounts are individually directed and controlled by plan participants who direct the investment of their account balances among eight (8) 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.

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/.

***Funding Policy***

The State of Indiana 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 fiscal year 2014, all participating employers were required to contribute 11.2 percent of covered payroll for members employed by the State. For political subdivisions, an average contribution rate of 9.7 percent was required from employers during the period of July 1 – December 31, 2013, and an average contribution rate of 11.0 percent was required for the period of January 1 – June 30, 2014. For the 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 that 3 percent and not be greater than the normal cost of the fund which was 4.7 percent for fiscal year 2014 and any amount not credited to the member's account shall be applied to the pooled assets of the PERF Hybrid Plan.

**NOTE 8 - RETIREMENT PLAN (CONTINUED)**

The PERF Hybrid Plan or the PERF ASA Only Plan members contribute three (3) percent of covered payroll to their annuity savings account, 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 annuity savings accounts.

The Bond Bank's contributions to PERF were $79,085 in 2014 and $69,372 in 2013.

**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 March 2015, the Bond Bank issued Series 2015 A Bonds in the amount of $35,000,000 to purchase the City of Indianapolis, Indiana, IndyRoads Revenue Bonds, Series 2015 A, the proceeds of which will be used to fund the City's IndyRoads project. The bonds bear interest that varies between 3% and 5%, and mature January 1, 2035.

In May 2015, the Bond Bank issued Series 2015 A Notes in the amount of $7,100,000 to purchase the City of Indianapolis Economic Development Tax Increment Revenue Notes, Series 2015 A, and the City of Indianapolis Redevelopment District Tax Increment Revenue Notes, Series 2015 A, the proceeds of which will be used to fund the Broad Ripple and Tarkington Park Projects, respectively. The bonds bear interest equal to 1.98%, and mature February 1, 2020.

In June 2015, the Bond Bank issued Series 2015 C Bonds in the amount of $10,900,000 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 proceeds of which will be used to allow for the redemption of the qualified entity's Series 2000 Bonds. (The Series 2000 Bonds were not issued by the Indianapolis Local Public Improvement Bond Bank.) The bonds bear interest that varies between 3% and 4%, and mature February 1, 2035.

In June 2015, the Bond Bank issued Series 2015 D Bonds in the amount of $7,695,000 to purchase the City of Lawrence, Indiana, Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Revenue Refunding Bonds, Series 2015 B, the proceeds of which will be used to allow for the redemption of the City of Lawrence, Indiana, Fort Harrison Reuse Authority Fort Harrison Military Base Reuse District Tax Increment Bonds, Series 2006. The bonds bear interest that varies between 3% and 4%, and mature August 1, 2027.

In June 2015, the Bond Bank issued Series 2015 B Bonds in the amount of $17,915,000 to purchase the Health and Hospital Corporation of Marion County General Obligation Refunding Bonds, Series 2015 A, the proceeds of which will be used to allow for the redemption of the Health and Hospital Corporation of Marion County General Obligation Refunding Bonds, Series 2005. The bonds bear interest that varies between 1% and 5%, and mature January 1, 2025.