INDIANA BOND BANK

(A Component Unit of the State of Indiana)

Financial Statements with
Supplementary Information

June 30, 2007 and 2006

KATZ, SAPPER & MILLER
Certified Public Accountants

INDIANA BOND BANK

(A COMPONENT UNIT OF THE STATE OF INDIANA)

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KATZ, SAPPER & MILLER

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Independent Auditors' Report

To the Board of Directors
of the Indiana Bond Bank

We have audited the accompanying statements of net assets of the Indiana Bond Bank (Bond Bank) as of June 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Bond Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Indiana Bond Bank at June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis on pages 2 through 7 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the 2007 and 2006 basic financial statements taken as a whole. The 2007 and 2006 supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 19, 2007

INDIANA BOND BANK
(A Component Unit of the State of Indiana)

Management's Discussion and Analysis

June 30, 2007

This section of the Indiana Bond Bank's (the "Bond Bank") annual financial report presents our discussion and analysis of the Bond Bank's financial performance during the fiscal year ended June 30, 2007. Please read it in conjunction with the Bond Bank's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Bonds and notes payable issued during the year totaled $1,029,640,000.
- Repayments of bonds and notes payable totaled $838,655,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements and notes, as well as, other supplementary information. The Bond Bank follows enterprise fund reporting; accordingly, the financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Bond Bank. These statements are presented in a manner similar to a private business.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information about the Bond Bank's financial status. The Statement of Net Assets includes all of the Bond Bank's assets, liabilities, and net assets. Assets and liabilities are classified as either current or noncurrent. The Statement of Revenues, Expenses and Changes in Net Assets reports all of the revenues and expenses during the time period. The Statement of Cash Flows reports the cash provided and used by operating activities as well as other cash sources and uses. The financial statements also include notes that explain and support the information in the statements and are followed by a section of supplementary information that further details the Statements of Net Assets and Statements of Revenues, Expenses and Changes in Net Assets by program type.

INDIANA BOND BANK
(A Component Unit of the State of Indiana)

Management's Discussion and Analysis

June 30, 2007

FINANCIAL ANALYSIS OF THE BOND BANK

The following table is a condensed summary of financial information as of and for the years ended June 30, 2007, 2006 and 2005:

	2007	2006	2005
Net assets			
Current assets	$ 884,489,348	$ 583,639,248	$ 933,649,435
Noncurrent assets	1,581,486,955	1,683,943,674	2,967,306,636
Total assets	2,465,976,303	2,267,582,922	3,900,956,071
Current liabilities	872,708,561	577,526,138	954,488,726
Noncurrent liabilities	1,578,967,957	1,676,376,567	2,934,051,019
Total liabilities	2,451,676,518	2,253,902,705	3,888,539,745
Invested in capital assets	—	—	21,217
Restricted for debt service	2,666,831	2,122,104	1,373,561
Unrestricted	11,632,954	11,558,113	11,021,548
Total net assets	$ 14,299,785	$ 13,680,217	$ 12,416,326
Revenues, expenses and changes in net assets			
Operating revenues:			
Interest income	$ 103,682,391	$ 97,873,898	$ 157,506,752
Acceptance and administration fees	360,576	393,091	1,081,908
Total operating revenues	104,042,967	98,266,989	158,588,660
Operating expenses:			
Interest	98,461,206	92,486,759	150,237,549
Amortization of debt issuance costs	3,927,428	4,152,394	6,313,340
General and administrative	1,581,747	1,216,152	1,395,827
Total operating expenses	103,970,381	97,855,305	157,946,716
Operating income	72,586	411,684	641,944
Nonoperating revenues	546,982	378,062	204,620
Change in net assets	619,568	789,746	846,564
Net assets – beginning of year	13,680,217	12,416,326	11,569,762
Elimination of State Revolving Fund Issues	—	474,145	—
Net assets – end of year	$ 14,299,785	$ 13,680,217	$ 12,416,326

INDIANA BOND BANK
(A Component Unit of the State of Indiana)

Management's Discussion and Analysis

June 30, 2007

Statement of Net Assets

The assets and liabilities and net assets increased by approximately $198 million in 2007 from 2006. The increase in the current qualified obligations receivable resulted from a higher balance outstanding on the Advanced Funding Note Program. Similarly, the increase in the current bonds and notes payable was due to a higher note payable on the Advanced Funding Note Program. The decrease in the noncurrent qualified obligations receivable resulted from a reduction of obligations receivable from the School Severance Program. Similarly, the decrease in noncurrent bonds and notes payable was due to a lower note payable on the School Severance Program. Included in the other current assets are cash and cash equivalents, accounts receivable and accrued interest receivable. Accrued interest payable and accounts payable are included in other current liabilities as well.

Statement of Net Assets Reconciliation - 2007

Total Assets as of June 30, 2006		$ 2,267,582,922
Increase in current qualified obligations receivable	$ 325,687,368	
Decrease in other current assets	(24,837,268)	
Decrease in noncurrent qualified obligations receivable	(85,159,539)	
Decrease in other noncurrent assets	(17,297,180)	
Total increase in assets		198,393,381
Total Assets as of June 30, 2007		$ 2,465,976,303
Total Liabilities and Net Assets as of June 30, 2006		$ 2,267,582,922
Increase in net assets	$ 619,568	
Increase in current bonds and notes payable	292,205,957	
Increase in other current liabilities	2,976,466	
Decrease in noncurrent bonds and notes payable	(97,381,303)	
Decrease in other noncurrent liabilities	(27,307)	
Total increase in liabilities and net assets		198,393,381
Total Liabilities and Net Assets as of June 30, 2007		$ 2,465,976,303

The assets and liabilities and net assets decreased by approximately $1.633 billion in 2006 from 2005. The decrease in the current qualified obligations receivable resulted from a lower balance outstanding on the Advanced Funding Note Program. Similarly, the decrease in the current bonds and notes payable was due to a lower note payable on the Advanced Funding Note Program. The decrease in the noncurrent qualified obligations receivable and the noncurrent bonds and notes payable resulted from the transferring of the State Revolving Fund from the Bond Bank to the Indiana Finance Authority. Included in the other current assets are cash and cash equivalents, accounts receivable and accrued interest receivable. Accrued interest payable and accounts payable are included in other current liabilities as well.

Statement of Net Assets Reconciliation - 2006

Total Assets as of June 30, 2005		$ 3,900,956,071
Decrease in current qualified obligations receivable	$ (340,656,388)	
Decrease in other current assets	(9,353,799)	
Decrease in noncurrent qualified obligations receivable	(1,241,631,208)	
Decrease in other noncurrent assets	(41,731,754)	
Total decrease in assets		(1,633,373,149)
Total Assets as of June 30, 2006		$ 2,267,582,922
Total Liabilities and Net Assets as of June 30, 2005		$ 3,900,956,071
Increase in net assets	$ 1,263,891	
Decrease in current bonds and notes payable	(347,805,574)	
Decrease in other current liabilities	(29,157,014)	
Decrease in noncurrent bonds and notes payable	(1,257,683,712)	
Increase in other noncurrent liabilities	9,260	
Total decrease in liabilities and net assets		(1,633,373,149)
Total Liabilities and Net Assets as of June 30, 2006		$ 2,267,582,922

Operating revenues consist of interest income earned on qualified obligations receivable and the related long-term investments in guaranteed investment contracts. The operating interest income for the year was 4.4% for 2007, 4.7% for 2006 and 4.3% for 2005 of the related investments. Also included in operating revenues are acceptance and administration fees paid by qualified entities to the Bond Bank's operating program. These fees decreased approximately $33,000 in 2007, decreased $688,000 in 2006 and increased $319,000 in 2005.

Operating expenses include interest expense on bonds and notes payable. Interest expense for the year represented 4.0% for 2007, 4.2% for 2006 and 3.9% for 2005 of the related bonds and notes payable balance. Also included in operating expenses is the amortization of debt issuance costs and general and administrative expenses such as management fees and arbitrage expense, as well as, expenses for the operating program such as professional fees, payroll and payroll related expenses.

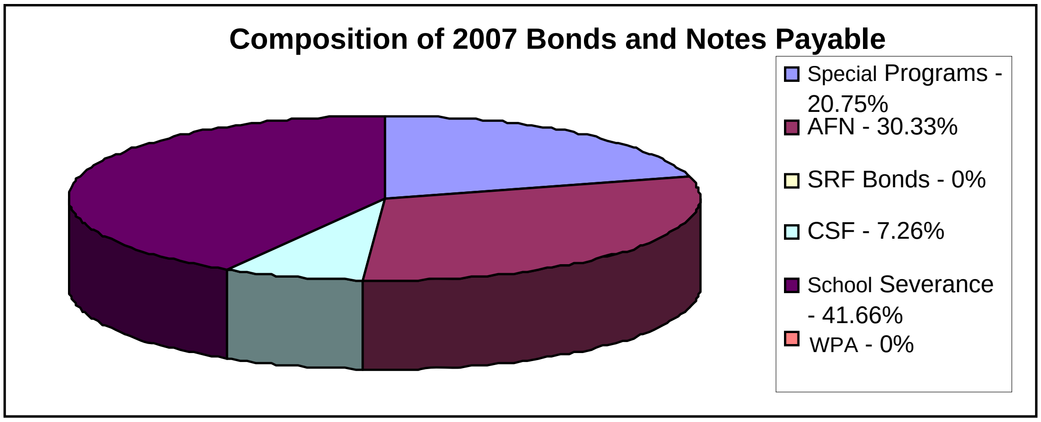
Net assets in 2007 have increased in total approximately $620,000 from 2006. Net assets restricted for debt service increased approximately $545,000 and unrestricted net assets increased approximately $75,000. In comparison, net assets for 2006 increased approximately $1,264,000 over 2005. Net assets invested in capital assets decreased approximately $21,000, net assets restricted for debt service increased approximately $749,000 and unrestricted net assets increased approximately $536,000.

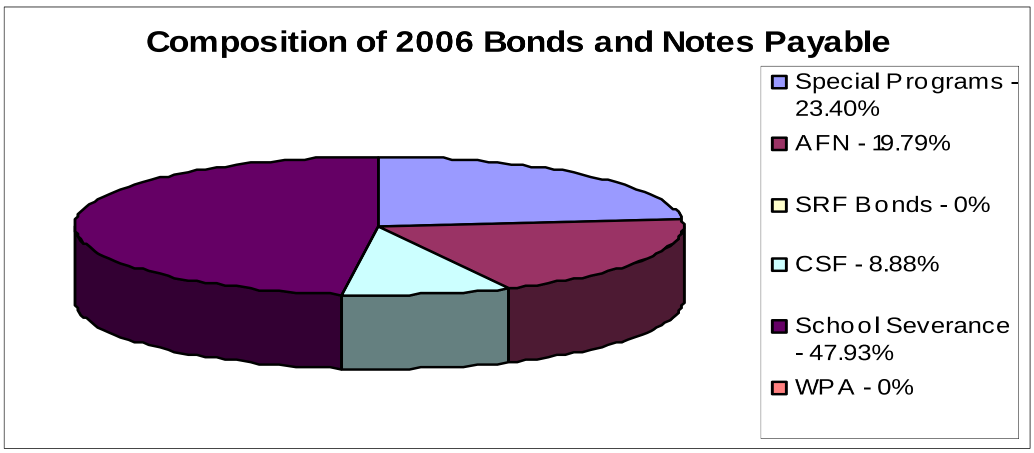
DEBT ADMINISTRATION

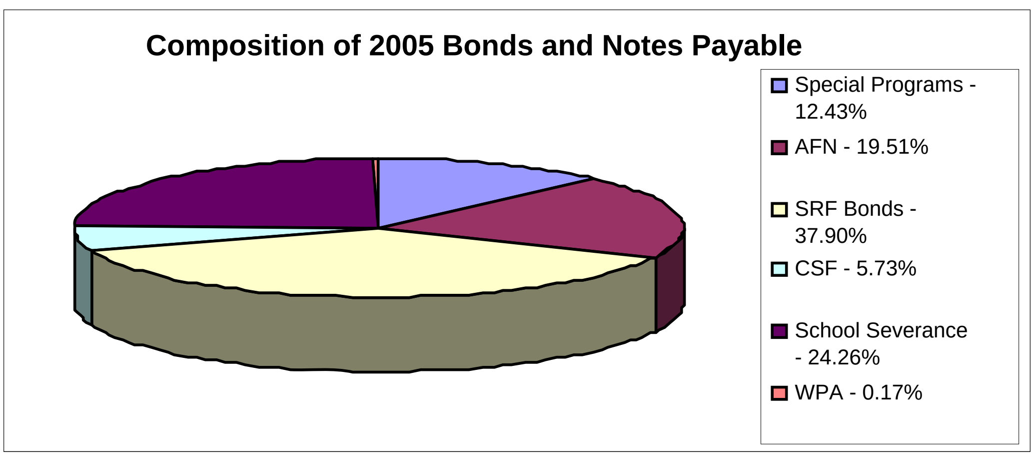
Below is a listing of the amount of debt issued by program for the fiscal years ended June 30, 2007, 2006 and 2005:

Program	2007	2006	2005
Special Program	$ 58,900,000	$ 87,035,000	$ 44,065,000
Advance Funding Program	970,740,000	435,835,000	942,289,000
School Severance Program	___	179,335,000	364,900,000
Warrant Assistance	___	___	6,615,000

On the following page are three graphs depicting the composition of bonds and notes payable. The graph on the top details the composition of bonds and notes payable by program for 2007, the graph in the middle depicts 2006 and the graph on the bottom shows 2005. The composition by program has changed due to the new bonds issued during each of the years.







The Bond Bank's bond and note issues are rated A+ to AAA by the national rating agencies. The ratings are based on the financing program structure.

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Statements of Net Assets

June 30, 2007 and 2006

Assets		**2007**		**2006**
Current assets:				
Cash and cash equivalents	$	66,056,019	$	92,523,926
Accounts receivable		—		28,978
Qualified obligations receivable		787,532,521		461,845,153
Accrued interest receivable		30,900,808		29,241,191
Total current assets		884,489,348		583,639,248
Noncurrent assets:				
Investments, at fair value		21,940,274		37,650,286
Qualified obligations receivable, net of current portion		1,537,897,802		1,623,057,341
Deferred debt issuance costs, net of accumulated amortization of $12,855,887 in 2007 and $10,425,791 in 2006		21,648,879		23,236,047
Total noncurrent assets		1,581,486,955		1,683,943,674
Total assets		2,465,976,303		2,267,582,922
Liabilities				
Current liabilities:				
Bonds and notes payable		829,354,569		537,148,612
Accrued interest payable		42,884,925		40,164,026
Accounts payable		469,067		213,500
Total current liabilities		872,708,561		577,526,138
Noncurrent liabilities:				
Bonds and notes payable, net of current portion		1,578,474,341		1,675,855,644
Deferred revenues		493,616		520,923
Total noncurrent liabilities		1,578,967,957		1,676,376,567
Total liabilities		2,451,676,518		2,253,902,705
Net Assets				
Restricted for debt service		2,666,831		2,122,104
Unrestricted		11,632,954		11,558,113
Total net assets	$	14,299,785	$	13,680,217

See accompanying notes to financial statements.

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Statements of Revenues, Expenses and Changes in Net Assets

Years Ended June 30, 2007 and 2006

	2007	2006
Operating revenues:		
Interest income	$ 103,682,391	$ 97,873,898
Acceptance and administration fees	360,576	393,091
Total operating revenues	104,042,967	98,266,989
Operating expenses:		
Interest	98,461,206	92,486,759
Amortization of debt issuance costs	3,927,428	4,152,394
General and administrative	1,581,747	1,216,152
Total operating expenses	103,970,381	97,855,305
Operating income	72,586	411,684
Nonoperating revenues:		
Interest income on investments	546,982	378,062
Change in net assets	619,568	789,746
Net assets, beginning of year	13,680,217	12,416,326
Elimination of State Revolving Fund Issues	—	474,145
Net assets, end of year	$ 14,299,785	$ 13,680,217

See accompanying notes to financial statements.

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Statements of Cash Flows

Years Ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from interest, service fees and principal on program loans	$ 102,385,021	$ 101,464,681
Cash payments for loaned amounts	(95,993,477)	(96,190,279)
Cash payments to suppliers and employees	(1,073,010)	(827,362)
Net cash provided by operating activities	5,318,534	4,447,040
Cash flows from non-capital financing activities:		
Proceeds from debt issuances	1,033,836,276	700,859,638
Debt issuance costs paid	(3,181,511)	(4,968,822)
Repayment of bonds and notes payable	(838,655,000)	(859,320,000)
Net cash provided (used) by non-capital financing activities	191,999,765	(163,429,184)
Cash flows from investing activities:		
Purchases of investments	(440,409,094)	(62,438,221)
Purchases of qualified obligations receivable	(1,026,773,266)	(701,614,858)
Interest received on investments	546,982	378,062
Maturities of investments	456,119,106	93,703,980
Maturities of qualified obligations receivable	786,730,066	848,608,880
Net cash (used) provided by investing activities	(223,786,206)	178,637,843
Net (decrease) increase in cash and cash equivalents	(26,467,907)	19,655,699
Cash and cash equivalents, beginning of year	92,523,926	72,868,227
Cash and cash equivalents, end of year	$ 66,056,019	$ 92,523,926
Supplemental disclosure of cash flow information:		
Interest received during the year	$ 101,770,697	$ 101,091,308
Interest paid during the year	95,287,860	95,740,657
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 72,586	$ 411,684
Adjustments to reconcile operating income to net cash provided by operating activities:		
Amortization of debt issuance costs	3,927,428	4,152,395
Capital assets expensed	—	21,217
Changes in certain assets and liabilities:		
Accounts receivable	28,978	(28,978)
Accrued interest receivable	(1,659,617)	3,217,410
Accrued interest payable	2,720,899	(3,253,898)
Accounts payable	255,567	(82,050)
Deferred revenues	(27,307)	9,260
Net cash provided by operating activities	$ 5,318,534	$ 4,447,040

NONCASH ACTIVITIES

During the year ended June 30, 2006, there was noncash activity related to the removal of the State Revolving Fund Program from the Bond Bank's financials.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Organization

The Indiana Bond Bank (the Bond Bank), a component unit of the State of Indiana, was created by Senate Enrolled Act No. 97 (as amended) (the Bond Bank Act) of the Indiana General Assembly on July 1, 1984. The Bond Bank is an instrumentality of the State of Indiana but is not a State agency and has no taxing power. It has separate corporate and sovereign capacity and its Board of Directors is composed of the Treasurer of the State (who serves as Chairman of the Board, ex officio), the Director of Public Finance (who serves as director, ex officio) and five directors appointed by the Governor. Effective May 1, 2005, Senate Enrolled Act 578 changed the Board of Directors membership to include the Director of Public Finance and to remove from the Board of Directors, the Director of the Department of Financial Institutions. The Bond Bank has no oversight authority over any other entity.

The Bond Bank is authorized to buy and sell securities (see Note 4 for statutory limitations) for the purpose of providing funds to Indiana qualified entities, as defined under the Bond Bank Act. Accordingly, the Bond Bank enables qualified entities to issue debt at a lower cost of borrowing and on more favorable terms than would be possible by financing on their own. Certain financing agreements specify that any residual cash remaining at maturity or refinancing of a series is the property of the Bond Bank.

To achieve its purpose, the Bond Bank operates the following programs:

Special Program—Bonds issued to assist qualified entities with various long-term financing needs, primarily expansion of water and sewer systems.

Advance Funding Program—Notes issued to provide qualified entities with short-term cash flow financing during the periods of time prior to the semi-annual receipt of property taxes.

State Revolving Fund Program—Bonds issued to assist qualified entities in obtaining below market financing for water pollution control projects. During the year ended June 30, 2006, the State Revolving Fund Program was transferred to the Indiana Finance Authority.

Common School Fund Program—Bonds issued to purchase outstanding advancements made from the State's constitutionally established Common School Fund to finance technology or construction costs. The proceeds replenish the Fund's balance, allowing the Indiana Department of Education to provide further financial assistance for Indiana school corporations.

School Building Program—Bonds issued to assist qualified entities with financing for school building construction, renovation and improvement projects.

School Severance Program—Bonds issued to assist qualified entities with financing for contractual retirement or severance liabilities.

Year End Warrant Assistance Program—Notes issued to assist Indiana political subdivisions with financing for continued cash flow deficits during the 2004 fiscal year due to the court-mandated reassessment of real property in Indiana. These bonds were issued to fund outstanding amounts from the Reassessment Assistance Program.

Hoosier Equipment Lease Purchase Program—Bonds issued to assist qualified entities in obtaining low cost lease financing for certain vehicle and equipment purchases. The leases and related obligations are not reflected on the Bond Bank's financial statements as these are assigned to a bank.

Basis of Presentation

The financial statements of the Bond Bank have been prepared on the accrual basis of accounting and using the economic resources management focus. Accordingly, the Bond Bank recognizes revenue in the period earned and expenses in the period incurred. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

In accordance with Governmental Accounting Standards Board Statement (GASB) No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Bond Bank has applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As permitted by GASB No. 20, the Bond Bank has elected not to comply with the FASB Statements and Interpretations issued subsequent to November 30, 1989.

Federal Income Taxes

The Bond Bank is exempt from federal income taxes under Internal Revenue Code Section 115.

Investments

Investments are recorded at fair value, based on quoted market prices of the investment or similar investments. For investments at June 30, 2007 and 2006, market approximates cost. Changes in the fair value of investments are included in the statement of revenues, expenses and changes in net assets. The calculation of realized gains or losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior year(s) and the current year.

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.

Debt Issuance Costs

Costs associated with issuing debt, including original issue discounts and premiums, are deferred and amortized over the life of the respective debt issue on a basis that approximates a constant effective interest rate.

Deferred Revenues

Cash flows for certain issues are not spread evenly over the respective lives of the issues. To recognize the economic structure of these issues, certain revenues estimated to be earned through maturity of the related issue is recognized ratably from period to period. The Bond Bank receives acceptance and administration fees from qualified entities in connection with their various programs.

Defeasance of Debt

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. See Note 4 for outstanding principal balances on defeased debt outstanding.

Capital Assets

Capital assets are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Net Assets

The Bond Bank's resources are classified for accounting and financial reporting purposes into the following net asset categories:

- *Invested in Capital Assets*—resources resulting from capital acquisition, net of accumulated depreciation.
- *Restricted*—net assets subject to externally imposed stipulations as to use. These net assets are restricted under the related program's bond indentures.
- *Unrestricted*—net assets which are available for the use of the Bond Bank.

Operating and Nonoperating Revenues

Revenues are classified as either operating or nonoperating. Operating revenues consist of interest income earned on qualified obligations receivable and the related investments in guaranteed investment contracts and acceptance and administration fees paid by qualified entities to the Bond Bank's operating program. All other items are considered non-operating.

(2) Cash and Investments

The Bond Bank Act permits funds to be invested as provided by resolutions of the Board of Directors or trust indentures executed by the Bond Bank. In addition to authorizing investments in qualified entities, these resolutions and trust indentures have authorized the Bond Bank to invest in obligations of the U.S. Treasury, U.S. agencies and secured and unsecured investment agreements. The Bond Bank has also been authorized to invest in commercial paper, certificates of deposit, repurchase agreements, passbook savings and money market deposit accounts.

The Bond Bank's cash and investments at June 30, 2007 are summarized as follows:

	Cost	Fair Value
U.S. government agency obligations	$ 9,498,059	$ 9,498,059
Money market funds	52,863,328	52,863,328
Investment agreements with banks	21,940,274	21,940,274
Cash	3,694,632	3,694,632
Total cash and investments	$ 87,996,293	$ 87,996,293

The Bond Bank's cash and investments at June 30, 2006 are summarized as follows:

	Cost	Fair Value
U.S. government agency obligations	$ 8,415,024	$ 8,415,024
Money market funds	76,842,905	76,842,905
Commercial paper	644,176	644,176
Investment agreements with banks	37,650,286	37,650,286
Cash	6,621,821	6,621,821
Total cash and investments	$ 130,174,212	$ 130,174,212

The above investments are restricted to 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.

The Bond Bank's cash is insured in full by the combination of Federal Deposit Insurance Fund (FDIC) and the Indiana Public Deposit Insurance Fund. Funds deposited under investment agreements with banks and insurance companies are unsecured.

(Continued)

As of June 30, 2007, 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**
Government obligations	$ 9,498,059	$ 3,570,374	$ 5,927,685		
Money market funds	52,863,328	52,863,328			
Guaranteed investment contracts	21,940,274	5,312,373		$ 4,131,366	$ 12,496,535
Totals	$ 84,301,661	$ 61,746,075	$ 5,927,685	$ 4,131,366	$ 12,496,535

Credit Risk Disclosure

The following table provides information on the credit ratings associated with the Bond Bank's investments:

Credit Ratings	**S & P**	**Fitch**	**Moody's**	**Fair Value**
Government obligations	AAA	AAA	Aaa	$ 9,498,059
Money market funds	AAA	AAA	Aaa	52,863,328
Guaranteed investment contracts				
	A	Unrated	Aaa	6,284,254
	Unrated	Unrated	Unrated	2,211,544
	AAA	Unrated	Unrated	12,805
	Unrated	Unrated	Unrated	682,798
	AA	AA	Unrated	3,702,641
	Unrated	AA	Aa2	7,786,504
	A-	Unrated	Unrated	1,259,728
Total Rated Investments				$ 84,301,661

Concentration of Credit Risk

There are no limits on the amount that may be invested in any one issuer. The following table shows investment issuers that represent 5% or more of the total investment at June 30, 2007:

Fidelity Institutional US Government Portfolio Money Market Fund	32 %
Columbia Treasury Reserves Money Market Fund	25 %
Natixix Funding Corp GIC	8 %
Bayern LB GIC	7 %

(Continued)

(3) Qualified Obligations Receivable

All of the qualified obligations receivable are held in safekeeping by trustees, are registered in the Bond Bank's name and are uninsured. All purchases of qualified obligations are authorized by the Board of Directors. 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.

In the event of default, the Bond Bank Act provides that certain qualified entities can, to the extent permitted by law, be required to levy tax or the Bond Bank may receive state funding to which the qualified entities are otherwise entitled. No qualified entity has defaulted on its obligation to the Bond Bank since inception of Bond Bank operations.

At June 30, 2007 and 2006, qualified obligations receivable included $76,140,000 and $77,895,000, respectively, which is to be repaid from incremental property tax revenues. The ability of the qualified entities to realize these incremental property tax revenues is dependent upon certain economic developments occurring in the future. Furthermore, the Bond Bank does not have the remedies, as described above, available should the qualified entities default due to the realization of insufficient incremental property tax revenues. Management, however, believes the amount of these obligations to be fully collectible. Additionally, the Bond Bank executed letter of credit arrangements with a bank to further secure the related indebtedness to the Bond Bank bondholders (see Note 4 and Note 5).

As of June 30, 2007 and 2006, the Bond Bank's Board of Directors authorized the purchase and subsequent leasing of equipment totaling approximately $10,087,197 and $10,369,221, respectively, through the Hoosier Equipment Lease Purchase Program. These lease receivables and related obligations are not reflected in the financial statements as the leases and related obligations have been assigned to a bank and the Bond Bank has been legally released from the obligations.

(4) Bonds and Notes Payable

Bonds and notes payable at June 30 consist of the following:

Special Program Bonds:		2007	2006
Series 1995 A	(rates vary from 5.30% to 5.75% with maturities from February 1, 2007 to February 1, 2020)	$ —	$ 9,740,000
Series 1997 A	(rates vary from 5.40% to 6.13% with maturities from February 1, 2007 to February 1, 2023)	—	4,975,000
Series 1997 C	(rates vary from 5.20% to 5.70% with maturities from August 1, 2007 to August 1, 2017)	4,025,000	4,290,000
Series 1997 D	(rate varies based on lowest available rate in interest period (weekly, monthly, quarterly, annually, or fixed) as selected by the qualified entity, not to exceed 10% per annum. Rate at June 30, 2007 was 1.15%, with maturities from January 1, 2007 to January 1, 2017). Rate at June 30, 2006 was 1.15%, with maturities from January 1, 2007 to January 1, 2017)	4,670,000	5,045,000
Series 1998 A	Refunding Bonds (rates vary from 4.50% to 4.75% with maturities from October 1, 2007 to October 1, 2011)	4,195,000	5,015,000
Series 1998 A	(rates vary from 4.20% to 5.00% with maturities from February 1, 2008 to February 1, 2020)	5,130,000	5,340,000
Series 2000 A	Refunding Bonds (rates vary from 5.50% to 6.40% with maturities from August 1, 2007 to February 1, 2020)	5,585,000	6,850,000
Series 2001 A	(rates vary from 4.50% to 5.13% with maturities from February 1, 2008 to February 1, 2022)	4,575,000	4,880,000
Series 2001 A	Refunding Bonds (rates vary from 5.00% to 5.50% with maturities from February 1, 2008 to February 1, 2022)	12,905,000	14,345,000
Series 2001 B	(rates vary from 4.25% to 5.50% with maturities from February 1, 2008 to February 1, 2017)	7,010,000	7,550,000
Series 2002 A	(rates vary from 3.75% to 5.50% with maturities from October 1, 2007 to October 1, 2027)	38,040,000	39,315,000
Series 2002 B	(rate varies based on lowest available rate in interest period (weekly, monthly, quarterly, annually, or fixed) as selected by the qualified entity, not to exceed 10% per annum. Rate at June 30, 2007 and 2006 was 3.90% and 4.15%, respectively with maturities from January 1, 2007 to January 1, 2025)	5,515,000	5,615,000
Series 2002 C	(rates vary from 3.80% to 5.00% with maturities from February 1, 2008 to February 1, 2017)	2,100,000	2,555,000
Series 2002 D	(rates vary from 4.00% to 5.38% with maturities from April 1, 2008 to April 1, 2012)	7,075,000	55,430,000

Special Program Bonds (Cont.):		2007	2006
Series 2002 E	(rates vary from 3.00% to 5.25% with maturities from February 1, 2008 to February 1, 2023)	$ 9,155,000	$ 9,430,000
Series 2003 A	(rates vary from 3.00% to 5.25% with maturities from February 1, 2008 to February 1, 2033)	39,555,000	40,385,000
Series 2003 B	(rates vary from 3.75% to 5.00% with maturities from February 1, 2008 to February 1, 2023)	7,270,000	7,720,000
Series 2003 C	(rates vary from 2.25% to 5.00% with maturities from July 25, 2007 to January 1, 2016)	7,130,000	7,945,000
Series 2003 D	(rates vary from 3.00% to 5.00% with maturities from August 1, 2009 to February 1, 2025)	27,515,000	27,515,000
Series 2003 E	(rates vary from 2.50% to 5.00% with maturities from September 1, 2007 to September 1, 2025)	35,000,000	35,545,000
Series 2003 F	(rates vary from 2.25% to 4.75% with maturities from August 1, 2007 to February 1, 2024)	12,440,000	13,785,000
Series 2004 A	(rates vary from 2.13% to 5.00% with maturities from January 15, 2008 to January 15, 2024)	15,870,000	16,540,000
Series 2004 B	(rates vary from 2.25% to 5.00% with maturities from February 1, 2008 to February 1, 2023)	15,675,000	16,485,000
Series 2004 C	(rates vary from 3.00% to 5.38% with maturities from February 1, 2008 to February 1, 2031)	34,610,000	35,010,000
Series 2004 D	(rates vary from 3.00% to 5.00% with maturities from February 1, 2008 to February 1, 2022)	27,630,000	28,985,000
Series 2005 A	(rates vary from 2.50% to 4.50% with maturities from August 1, 2007 to February 1, 2027)	13,775,000	14,400,000
Series 2005 B	(rates vary from 3.75% to 4.15% with maturities from August 15, 2007 to February 15, 2020)	8,445,000	8,935,000
Series 2005 C	(rates vary from 3.50% to 4.25% with maturities from June 1, 2008 to June 1, 2026)	10,780,000	11,160,000
Series 2005 D	(rates vary from 3.50% to 5.00% with maturities from August 1, 2007 to August 1, 2028)	4,505,000	4,505,000
Series 2006 B-1	(rates vary from 3.65% to 5.00% with maturities from September 1, 2007 to March 1, 2027)	12,400,000	12,400,000
Series 2006 B-2	(rates vary from 5.50% to 5.80% with maturities from August 1, 2007 to September 1, 2017)	2,890,000	2,890,000
Series 2006 A (Ref)	(rates vary from 4.00% to 5.13% with maturities from August 1, 2007 to September 1, 2024)	25,130,000	26,485,000
Series 2006 C	(rates vary from 4.25% to 5.00% with maturities from February 1, 2009 to February 1, 2023)	20,660,000	20,660,000
Series 2006 D	(rates vary from 4.00% to 4.25% with maturities from August 1, 2007 to February 1, 2027)	13,110,000	—

		2007	2006
Special Program Bonds (Cont.):			
Series 2007 A	(rates vary from 5.00% to 5.25% with maturities from April 1, 2013 to April 1, 2030)	$ 44,915,000	$ —
Total Special Program Bonds		489,285,000	511,725,000
Advance Funding Program Notes:			
Series 2006 Lake	(rates varied from 3.96% to 4.01% and matured on July 3, 2006 to January 2, 2007)	—	77,100,000
Series 2006 A	(interest rate of 4.50% matured on February 1, 2007)	—	296,440,000
Series 2006 Lake	Midyear (interest rate of 4.25% matured on January 3, 2007)	—	13,390,000
Series 2006	Midyear (interest rate of 4.50% matured on February 2, 2007)	—	48,905,000
Series 2007 A	(interest rate of 4.25% maturing on January 1, 2008)	459,335,000	—
Series 2007 A	Midyear (interest rate of 4.50% maturing on May 20, 2008)	267,710,000	—
Total Advance Funding Program Notes		727,045,000	435,835,000
Common School Fund Bonds:			
Series 1996 A	(interest rate of 5.75% with maturities from August 1, 2007 to August 1, 2013)	3,470,000	4,215,000
Series 1999 A	(rates vary from 4.30% to 5.00% with maturities from February 1, 2008 to February 1, 2014)	21,780,000	26,760,000
Series 2001	(interest rate of 5.00% with maturities from February 1, 2008 to February 1, 2019)	23,325,000	32,295,000
Series 2003 A and B	(rates vary from 2.00% to 5.00% with maturities from August 1, 2007 to February 1, 2020)	117,190,000	122,600,000
Total Common School Fund Bonds		165,765,000	185,870,000
School Severance Program Bonds:			
Series 1	(rates vary from 5.15% to 6.30% with maturities from July 15, 2007 to January 15, 2018)	36,550,000	42,035,000
Series 2	(rates vary from 4.00% to 5.72% with maturities from July 15, 2007 to July 15, 2023)	27,520,000	29,055,000
Series 3	(rates vary from 3.84% to 5.85% with maturities from July 15, 2007 to January 15, 2023)	55,635,000	59,500,000

School Severance Program Bonds (Cont.):		2007	2006
Series 4	(rates vary from 2.65% to 5.07% with maturities from July 15, 2007 to January 15, 2024)	$ 42,400,000	$ 44,995,000
Series 5A	(rates vary from 3.31% to 5.82% with maturities from July 15, 2007 to January 15, 2024)	154,865,000	165,670,000
Series 5B	(interest rate of 5.05% with maturities from July 15, 2007 to January 15, 2019)	13,020,000	13,790,000
Series 5C	(interest rate of 5.15% with maturities from July 15, 2007 to January 15, 2019)	3,435,000	3,635,000
Series 6A	(rates vary from 3.86% to 6.24% with maturities from July 15, 2007 to January 15, 2025)	146,810,000	155,015,000
Series 6B	(interest rate of 5.79% with maturities from July 15, 2007 to January 15, 2025)	13,855,000	14,235,000
Series 7A	(rates vary from 3.33 to 5.73% with maturities from July 15, 2007 to January 15, 2030)	97,845,000	103,350,000
Series 7B	(rates vary from 4.50% to 5.30% with maturities from July 15, 2007 to January 15, 2020)	11,745,000	12,400,000
Series 8A	(rates vary from 3.49% to 5.64% with maturities from July 15, 2007 to January 15, 2029)	125,140,000	131,740,000
Series 8B	(rates vary from 3.49% to 5.49% with maturities from January 15, 2008 to January 15, 2026)	62,120,000	69,965,000
Series 9	(rates vary from 3.53% to 5.53% with maturities from July 15, 2007 to January 15, 2026)	33,740,000	36,140,000
Series 10	(rates vary from 4.83% to 5.68% with maturities from July 15, 2007 to January 15, 2031)	56,830,000	57,665,000
Series 11	(rates vary from 5.44% to 6.20% with maturities from July 15, 2007 to January 15, 2029)	121,670,000	121,670,000
Total School Severance Program Bonds		1,003,180,000	1,060,860,000
Totals		2,385,275,000	2,194,290,000
Add net unamortized premium		23,932,347	20,681,054
Less: Deferred charge on refunding		(1,378,437)	(1,966,798)
Total bonds and notes payable		2,407,828,910	2,213,004,256
Less: Current portion		(829,354,569)	(537,148,612)
Noncurrent portion of bonds and notes payable		$ 1,578,474,341	$ 1,675,855,644

The bonds and notes payable listed above were issued under respective indentures of trust. Each indenture requires the maintenance of various trust accounts, and several of the bonds and notes payable require debt service reserve accounts. Assets held in debt service reserve accounts are included in investments and amounted to $10,989,442 and $13,182,778 at June 30, 2007 and 2006, respectively.

The faith, credit and taxing power of the State of Indiana or any political subdivision thereof are not pledged to the payment of principal and interest on these obligations. However, the following series of Bond Bank bonds are fully insured by a private insurer at June 30, 2007.

- Special Program Bonds
  - Series 1998 A (payments from February 1, 2009 through February 1, 2017)
  - Series 2001 A Refunding
  - Series 2001 B
  - Series 2002 A
  - Series 2002 C
  - Series 2002 D
  - Series 2002 E
  - Series 2003 A
  - Series 2003 B
  - Series 2003 C
  - Series 2003 D
  - Series 2003 E
  - Series 2003 F
  - Series 2004 A
  - Series 2004 B
  - Series 2004 C
  - Series 2004 D
  - Series 2005 A
  - Series 2005 B
  - Series 2005 C
  - Series 2005 D
  - Series 2006 A Refunding
  - Series 2006 B
  - Series 2006 C
  - Series 2006 D
  - Series 2007 A
- Common School Fund Bonds
  - Series 1996 A
  - Series 1999 A
  - Series 2001
  - Series 2003 A & B

School Severance Program Bonds
- Series 1
- Series 2
- Series 3
- Series 4
- Series 5 A, B & C
- Series 6 A & B
- Series 7 A & B
- Series 8 A & B
- Series 9
- Series 10
- Series 11

The Bond Bank is required under the trust indentures of certain series of Special Program Bonds to enter into letter of credit arrangements with banks in order to secure the indebtedness. The amounts eligible to be drawn and the renewal dates of these arrangements at June 30, 2007 are as follows:

Series	Eligible amount	Renews in fiscal year
1997 D	$ 7,096,425	2008
2002 B	5,872,500	2008

Additionally, the Bond Bank was required under the trust indentures of certain series of bonds and notes payable to enter into line of credit arrangements with banks in order to secure the indebtedness. These line of credit arrangements are renewable each year.

The amounts eligible to be drawn under these arrangements at June 30, 2007 are as follows:

Series	**Eligible amount**
Advanced Funding Program, Series 2007 A	$ 57,416,875
Advanced Funding Program, Series 2007 A (Midyear)	24,093,900
Special Program Bonds, Series 2002 A	3,185,294
Special Program Bonds, Series 2002 C	394,000
Special Program Bonds, Series 2002 D	4,115,638
Special Program Bonds, Series 2002 E	895,613
Special Program Bonds, Series 2003 A	2,701,399
Special Program Bonds, Series 2003 B	802,606
Special Program Bonds, Series 2003 D	2,531,875
Special Program Bonds, Series 2003 F-1 & F-2	1,537,104
Special Program Bonds, Series 2004 A	1,354,712
Special Program Bonds, Series 2004 B	1,505,794
Special Program Bonds, Series 2004 C	2,514,999
Special Program Bonds, Series 2004 D	2,599,927
Special Program Bonds, Series 2005 A	1,212,444
Special Program Bonds, Series 2005 D	329,062
Special Program Bonds, Series 2006 A (Ref)	2,186,637
Special Program Bonds, Series 2006 B-1	1,259,641
Special Program Bonds, Series 2006 C	2,081,120
Special Program Bonds, Series 2006 D	1,584,938
Special Program Bonds, Series 2007 A	3,920,650

In the event of a draw on either a letter or line of credit facility, each borrowing will bear an interest rate based upon a series of optional rates as specified in the particular agreement. No draws were made against any debt service reserve account, letter, or line of credit facility during the years ended June 30, 2007 or 2006.

(Continued)

Maturities of long term debt and interest are as follows:

	Principal	Interest
Year ending June 30:		
2008	$ 824,330,000	$ 81,914,033
2009	100,300,000	78,022,299
2010	105,095,000	73,772,634
2011	109,460,000	69,116,226
2012	106,640,000	64,085,703
2013-2017	521,760,000	242,267,175
2018-2022	388,625,000	120,415,065
2023-2027	184,130,000	36,164,907
2028-2032	42,365,000	6,220,635
2033-2037	2,570,000	128,500
	2,385,275,000	$ 772,107,177
Add: Unamortized premium	23,932,347	
Less: Deferred charge	(1,378,437)	
	$ 2,407,828,910	

Prior to July 1, 2007, the Bond Bank issued $47,760,000 of debt on behalf of seventeen not-for-profit qualified water utilities. At June 30, 2007 and 2006, the balance outstanding for these qualified water utilities totaled $24,683,892 and $24,472,777, respectively. Under the provisions of these debt issues, the bonds are payable solely from the revenues generated by the qualified water utilities. This debt does not constitute a general or moral obligation of the Bond Bank nor are debt service reserve funds maintained for these debt issues. The Bond Bank is not obligated in any manner for repayment of the bonds. For these reasons, the Bond Bank has not recorded these debt issues and the related utilities' obligations in the accompanying financial statements.

The Bond Bank is restricted by statute (IC 5-1.5-4-1(c)) to limit its total outstanding debt to $1,000,000,000. However, the statute allows for the exclusion of bonds and notes issued funding the refunding of bonds or notes, as well as bonds, notes, or other obligations that are not secured by a reserve fund as defined by IC 5-1.5-5. Accordingly, the debt involving not-for-profit water utilities discussed above is not included when computing the Bond Bank's available debt limit. In addition, certain debt recorded in the Bond Bank's financial statements is not included in such a computation due to the provisions described in the statute.

A reconciliation of debt outstanding as reflected in the financial statements to the statutory debt limit is as follows:

Bonds and notes payable-face amount	$ 2,385,275,000
Less: Debt recorded which does not require reserve funds	1,918,815,000
Debt outstanding for statutory debt limit purposes at June 30, 2007	466,460,000
Available remaining debt limit for statutory purposes	533,540,000
Statutory debt limit	$ 1,000,000,000

Special Program Bonds Series 1985 A, 1995 A, 1997 B , and 2002 D are considered to have been defeased and have been removed from the financial statements and in total have remaining outstanding principal balances of approximately $105,710,000 and $63,525,000 at June 30, 2007 and 2006, respectively.

During 2007, the Bond Bank issued Special Program Bonds Series 2007 A in the amount of $44,915,000. The proceeds from the issue plus contributions from the underlying qualifying entity were used to partially refund Special Program Bonds Series 2002 D. The remaining 2002 D amount outstanding at June 30, 2007 was $7,075,000. The cash flow difference between the debt service on the Special Program Bonds, Series 2002 D and the new debt is $4,308,207 and the economic gain is $11,143,005.

During 2006, the Bond Bank issued Special Program Bonds Series 2006 A in the amount of $26,485,000. A portion of the proceeds from the issue plus contributions from the underlying qualifying entity were used to refund Special Program Bonds Series 2000 A which were outstanding in the amount of $28,490,000 at June 30, 2006. The cash flow difference between the debt service on the Special Program Bonds, Series 2000 A and the new debt is $4,206,407 and the economic gain is $6,477,751. During the year, the lessee replaced the qualified obligations of the lessor with qualified obligations of its own. The new qualified obligations issued were in total of $605,000 greater than the existing bonds. The result of this debt restructuring was a gain to the Bond Bank in the amount of $605,000.

Changes in the Bond Bank's long-term liabilities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
2007					
Bonds and notes payable	$ 2,214,971,055	$ 1,039,197,312	$ 844,961,020	$ 2,409,207,347	$ 829,354,569
Less: Deferred amounts	1,966,799		588,362	1,378,437	
	2,213,004,256	1,039,197,312	844,372,658	2,407,828,910	829,354,569
Deferred revenues	520,923		27,307	493,616	
Total	$ 2,213,525,179	$ 1,039,197,312	$ 844,399,965	$ 2,408,322,526	$ 829,354,569
2006					
Bonds and notes payable	$ 2,374,458,296	$ 707,142,924	$ 866,630,165	$ 2,214,971,055	$ 537,148,612
Less: Deferred amounts	2,993,678	591,697	1,618,576	1,966,799	
	2,371,464,618	706,551,227	865,011,589	2,213,004,256	537,148,612
Deferred revenues	511,663	13,303	4,043	520,923	
Total	$ 2,371,976,281	$ 706,564,530	$ 865,015,632	$ 2,213,525,179	$ 537,148,612

The beginning balance for 2006 is net of the SRF balances as of June 30, 2006.

(5) Concentrations of Credit

The Bond Bank has qualified obligations receivable in counties throughout the State of Indiana. The largest concentrations of such receivables with qualified entities are as follows:

County	Qualified Obligations Receivable	Concentration Percentage
Lake	$ 197,632,155	8%
Marion	319,956,648	14%
St. Joseph	100,164,880	4%
Hendricks	133,910,335	6%
Allen	81,676,500	3%
Madison	92,924,952	4%

No other county has a concentration over 3.0% of the total qualified obligations receivable at June 30, 2007.

(6) Employee Benefits

The Bond Bank contributes to the Public Employees' Retirement Fund (PERF) of the State of Indiana, an agent multiple-employer public employee retirement system which acts as a common investment and administrative agent for State of Indiana employees and employees of the various subdivisions and instrumentalities of the State of Indiana. All employees of the Bond Bank participate in this plan. The Public Employees' Retirement Fund of the State of Indiana issues a publicly available financial report that includes financial statements and required supplementary information for the Bond Bank's plan. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

The plan is a contributory defined benefit plan. PERF retirement benefits vest after 10 years of service. Effective July 1, 1995, Senate Bill 74 enabled PERF members to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. An employee may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the employee's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions are met, an employee may retire with 100% of the defined pension at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years of PERF-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earning. Employees who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit ranging from 44.0% to 98.8% of the pension benefit described above.

Employer contributions for the years ended June 30, 2007 and 2006 were $12,135 and $6,527, respectively. Covered payroll for the same periods amounted to $220,633 and $173,526, respectively. Separate information concerning the accumulated benefit obligation and actuarially determined benefit obligation is not material to the financial position of the Bond Bank and, accordingly, is not presented.

In addition, the employees contribute 3% of compensation to an annuity savings account. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system-wide fund for all members. Upon retirement, members may elect a lump-sum distribution of all or part of the savings account. Employees who leave employment before qualifying for benefits receive their balance in the savings account.

(Continued)

(7) Operating Leases

The Bond Bank leases office space as well as office equipment under non-cancelable leases with terms in excess of one year. The following is a schedule of the future minimum rentals under the leases as of June 30, 2007:

		Payments
Year ending June 30:		
2008	$	55,812
2009		54,128
2010		24,768
Total	$	134,708

In addition to the minimum lease payments, the Bond Bank is required to pay insurance, taxes and a proportional share of operating costs in excess of a basic level for the office space. The aggregate rental expense charged to operations was $47,903 and $53,969 for 2007 and 2006, respectively.

(8) Subsequent Events

Subsequent to June 30, 2007, the Bond Bank has closed a new bond issue Special Program Gas Revenue Bonds for $308,570,000.

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Supplemental Schedule of Net Assets Information by Program Type

June 30, 2007

Assets	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Warrant Assistance Notes	Eliminations	Total
Current assets:								
Cash and cash equivalents	$ 5,812,624	$ 14,412,951	$ 11,908,106	$ 1,442,250	$ 32,480,088	$ —	$ —	$ 66,056,019
Qualified obligations receivable	17,528,500	712,117,307	—	18,877,749	39,008,965	—	—	787,532,521
Accrued interest receivable	6,178,669	7,179,441	—	3,815,096	13,727,602	—	—	30,900,808
Interfund receivables	19,628	—	281,052	—	—	—	(300,680)	—
Total current assets	29,539,421	733,709,699	12,189,158	24,135,095	85,216,655	—	(300,680)	884,489,348
Noncurrent assets:								
Investments, at fair value	15,291,270	5,312,373	—	1,186,907	149,724	—	—	21,940,274
Qualified obligations receivable	455,117,747	—	—	151,297,779	931,482,276	—	—	1,537,897,802
Deferred debt issuance costs, net	8,851,121	819,269	—	1,475,359	10,503,130	—	—	21,648,879
Total noncurrent assets	479,260,138	6,131,642	—	153,960,045	942,135,130	—	—	1,581,486,955
Total assets	508,799,559	739,841,341	12,189,158	178,095,140	1,027,351,785	—	(300,680)	2,465,976,303
Liabilities								
Current liabilities:								
Bonds and notes payable	20,620,386	730,337,423	—	19,918,979	58,477,781	—	—	829,354,569
Accrued interest payable	7,883,861	8,122,862	—	3,320,237	23,557,965	—	—	42,884,925
Accounts payable	321,100	—	74,467	73,500	—	—	—	469,067
Interfund payables	300,680	—	—	—	—	—	(300,680)	—
Total current liabilities	29,126,027	738,460,285	74,467	23,312,716	82,035,746	—	(300,680)	872,708,561
Noncurrent liabilities:								
Bonds and notes payable, net of current portion	478,922,997	—	—	154,929,544	944,621,800	—	—	1,578,474,341
Deferred revenues	11,879	—	481,737	—	—	—	—	493,616
Total noncurrent liabilities	478,934,876	—	481,737	154,929,544	944,621,800	—	—	1,578,967,957
Total liabilities	508,060,903	738,460,285	556,204	178,242,260	1,026,657,546	—	(300,680)	2,451,676,518
Net Assets								
Restricted for debt service	738,656	1,381,056	—	(147,120)	694,239	—	—	2,666,831
Unrestricted	—	—	11,632,954	—	—	—	—	11,632,954
Total net assets	$ 738,656	$ 1,381,056	$ 11,632,954	$ (147,120)	$ 694,239	$ —	$ —	$ 14,299,785

(Continued)

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Supplemental Schedule of Net Assets Information by Program Type

June 30, 2006

Assets	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Warrant Assistance Notes	Eliminations	Total
Current assets:								
Cash and cash equivalents	$ 5,318,429	$ 44,842,255	$ 11,747,385	$ 1,087,539	$ 29,528,318	$ —	$ —	$ 92,523,926
Accounts receivable			28,978					28,978
Qualified obligations receivable	18,273,800	390,156,580	—	15,513,835	37,900,938	—	—	461,845,153
Accrued interest receivable	6,658,925	5,626,142	—	4,212,662	12,743,462	—	—	29,241,191
Interfund receivables	19,628	—	281,052	—	—	—	(300,680)	—
Total current assets	30,270,782	440,624,977	12,057,415	20,814,036	80,172,718	—	(300,680)	583,639,248
Noncurrent assets:								
Investments, at fair value	25,216,155	5,190,623	—	1,330,989	5,912,519	—	—	37,650,286
Qualified obligations receivable	462,115,515	—	—	176,023,255	984,918,571	—	—	1,623,057,341
Deferred debt issuance costs, net	9,209,088	480,281	—	1,817,097	11,729,581	—	—	23,236,047
Total noncurrent assets	496,540,758	5,670,904	—	179,171,341	1,002,560,671	—	—	1,683,943,674
Total assets	526,811,540	446,295,881	12,057,415	199,985,377	1,082,733,389	—	(300,680)	2,267,582,922
Liabilities								
Current liabilities:								
Bonds and notes payable	19,735,305	437,990,683	—	21,744,597	57,678,027	—	—	537,148,612
Accrued interest payable	7,689,748	7,063,442	—	3,644,742	21,766,094	—	—	40,164,026
Accounts payable	195,635	—	17,565	300	—	—	—	213,500
Interfund payables	300,680	—	—	—	—	—	(300,680)	—
Total current liabilities	27,921,368	445,054,125	17,565	25,389,639	79,444,121	—	(300,680)	577,526,138
Noncurrent liabilities:								
Bonds and notes payable, net of current portion	498,086,405	—	—	174,669,658	1,003,099,581	—	—	1,675,855,644
Deferred revenues	39,186	—	481,737	—	—	—	—	520,923
Total noncurrent liabilities	498,125,591	—	481,737	174,669,658	1,003,099,581	—	—	1,676,376,567
Total liabilities	526,046,959	445,054,125	499,302	200,059,297	1,082,543,702	—	(300,680)	2,253,902,705
Net Assets								
Restricted for debt service	764,581	1,241,756	—	(73,920)	189,687	—	—	2,122,104
Unrestricted	—	—	11,558,113	—	—	—	—	11,558,113
Total net assets	$ 764,581	$ 1,241,756	$ 11,558,113	$ (73,920)	$ 189,687	$ —	$ —	$ 13,680,217

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Supplemental Schedule of Revenues and Expenses and Changes in Net Assets Information by Program Type

Year Ended June 30, 2007

	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Warrant Assistance Notes	Total
Operating revenues:							
Interest income	$ 24,050,211	$ 18,212,236	$ —	$ 7,390,921	$ 54,029,023	$ —	$ 103,682,391
Acceptance and administration fees	—	—	360,576	—	—	—	360,576
Total operating revenues	24,050,211	18,212,236	360,576	7,390,921	54,029,023	—	104,042,967
Operating expenses:							
Interest	22,648,640	16,677,296	—	7,094,730	52,040,540	—	98,461,206
Amortization of debt issuance costs	1,078,598	1,063,534	—	341,738	1,443,558	—	3,927,428
General and administrative	348,898	34,911	1,129,912	27,653	40,373	—	1,581,747
Total operating expenses	24,076,136	17,775,741	1,129,912	7,464,121	53,524,471	—	103,970,381
Operating income (loss)	(25,925)	436,495	(769,336)	(73,200)	504,552	—	72,586
Nonoperating revenues:							
Interest income on investments	—		546,982	—	—	—	546,982
Change in net assets before transfers	(25,925)	436,495	(222,354)	(73,200)	504,552	—	619,568
Transfers	—	(297,195)	297,195	—	—	—	—
Change in net assets	$ (25,925)	$ 139,300	$ 74,841	$ (73,200)	$ 504,552	$ —	$ 619,568

(Continued)

Indiana Bond Bank
(A Component Unit of the State of Indiana)

Supplemental Schedule of Revenues and Expenses and Changes in Net Assets Information by Program Type

Year Ended June 30, 2006

	Special Program	Advance Funding Program	Operating Program	Common School Fund Program	School Severance Program	Warrant Assistance Program	Total
Operating revenues:							
Interest income	$ 22,962,397	$ 18,456,289	$ —	$ 8,515,974	$ 47,477,501	$ 461,737	$ 97,873,898
Acceptance and administration fees	—	—	393,091	—	—	—	393,091
Total operating revenues	22,962,397	18,456,289	393,091	8,515,974	47,477,501	461,737	98,266,989
Operating expenses:							
Interest	22,142,642	16,074,317	—	8,091,309	45,720,814	457,677	92,486,759
Amortization of debt issuance costs	795,990	1,362,546	—	389,387	1,604,471	—	4,152,394
General and administrative	45,290	314,938	779,329	35,278	32,572	8,745	1,216,152
Total operating expenses	22,983,922	17,751,801	779,329	8,515,974	47,357,857	466,422	97,855,305
Operating income (loss)	(21,525)	704,488	(386,238)	—	119,644	(4,685)	411,684
Nonoperating revenues:							
Interest income on investments	—	—	378,062	—	—	—	378,062
Change in net assets before transfers	(21,525)	704,488	(8,176)	—	119,644	(4,685)	789,746
Transfers	(67,645)	(399,536)	523,524	—	—	(56,343)	—
Change in net assets	$ (89,170)	$ 304,952	$ 515,348	$ —	$ 119,644	$ (61,028)	$ 789,746