We're Moving Ahead

2005 Comprehensive Annual Financial Report

Indianapolis Public Transportation Corporation, State of Indiana. Comprehensive Annual Financial Report for the year ending December 31, 2005. A component unit of the consolidated City of Indianapolis-Marion County Government Reporting Entity.

COMPREHENSIVE ANNUAL 2005 FINANCIAL REPORT

IndyGo SM

Indianapolis Public Transportation Corporation
A Component Unit of the Consolidated
City of Indianapolis – Marion County
Reporting Entity

Gilbert L. Holmes, President & CEO
Fred L. Armstrong, P. A., Controller
Wayne Oteham, C.F.O.

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
INDIANAPOLIS, INDIANA

FOR THE YEAR ENDING
DECEMBER 31, 2005

Prelude

2005: Looking ahead to the future of public transportation

In 2005, the Indianapolis Public Transportation Corporation (IPTC) renewed its commitment to its customers, their families and communities. Throughout the year, the transit agency reorganized routes, evaluated ways to address looming financial constraints and embarked upon new initiatives designed to improve services.

Starting the year with two new hybrid buses, IPTC remained determined to continually enhance its fleet of 201 buses. The new buses featured high-quality engines, transmissions and electric motors. Additionally, IPTC partnered with Indiana-based companies who manufactured the hybrid technology including: General Motors Allison Transmission, Cummins, Inc. and Remy International, Inc.

In February, IPTC revamped three of its most heavily populated routes. Expanding service on Route 38 (Lafayette Square) was coupled with increased service frequency on Routes 37 (Park 100) and 39 (East 38th Street). Passengers now have additional options for planning their bus trips.

After a yearlong study of current and future service needs, residents and community officials were invited to review IPTC's Comprehensive Operational Analysis (COA) in March. Through the COA, IPTC outlined its blueprint for growing public transportation over the next 15 years. Divided into near, short and long-term goals, the COA highlighted ways to implement more crosstown routes, express routes, increased frequency, extended and new routes, transfer centers along with other system upgrades. This plan garnered widespread interest from local residents and elected officials, and set the tone for an overdue discussion about the future of public transportation in Indianapolis. In years to come, the COA will serve as the foundation for building a more integrated regional transit system.

Following IPTC's commitment to delivering quality services, the transit agency unveiled a new and improved route for its Blue Line Circulator, which is funded by a Congestion Mitigation and Air Quality grant. The new route now makes a convenient loop around downtown Indianapolis and offers free service from 10 a.m. – 10 p.m. Additionally, the revamped route features direct access to many downtown attractions such as White River State Park, Eiteljorg Museum, Circle Centre mall, Indiana Convention Center and the NCAA Hall of Champions. The route changes have resulted in a 10-fold increase in ridership now averaging over 5,000 rides per month.

With an unyielding focus on increasing ridership, the transit took its 'learn how to ride' message to the streets. In early fall, IPTC's 'Learn, Ride and Save' marketing campaign encouraged residents to learn more about public transportation, planning their trips and saving money in the process. Through a comprehensive outreach initiative, billboards and radio advertisements encouraged residents to try riding the bus.

This campaign capitalized on escalating gas prices, and IPTC moved ahead with the ongoing promotion of the low cost of riding the bus ($3 per day) in comparison to paying up to $3 per gallon for fuel. Alternately, IPTC scrambled to find ways to offset the negative effect of fuel costs on their operating budget. The transit budgeted $1.40 per gallon for fuel, but ended up paying close to $3 per gallon as costs continued to rise. In an attempt to explore options for lowering fuel costs, IPTC initiated discussions with other transits and government entities, resulting in a fuel consortium with transit agencies in Indiana, Michigan and Ohio. With this fixed price contract, IPTC will experience considerable savings and stability in the operating budget.

In late 2005, IPTC's Central Indiana Commuter Services program experienced a rise in participation due to high gas prices and increased outreach efforts. More than 3,000 commuters enrolled in the one-year-old program, which promotes riding the bus, joining a carpool or vanpool, walking or riding a bike.

Bus shelters remained a top priority for IPTC, and 37 new shelters were installed at key boarding locations in 2005. While revamping the bus shelters, IPTC made a commitment to produce more informative and visible bus stop signs. With the bus stop sign project, IPTC started an inventory of older signs and evaluated the best placement of new signs. New bus stop signs will be unveiled in 2006.

The year 2005 offered IPTC an opportunity to implement long overdue technology initiatives. In November, staff approved technology for security cameras on buses, giving IPTC a mechanism for monitoring bus activity and ensuring safety. A new scheduling program for fixed route and para transit systems was also introduced.

Despite financial shortfalls, IPTC remains committed to serving its customers in the best possible manner. During the next year, the transit agency will continue to seek a long-term source funding, implement additional cost saving initiatives, improve management effectiveness, build upon goals set forth in the Comprehensive Operational Analysis and provide quality public transportation services at all times.

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SECTION ONE – INTRODUCTORY

IndyGo

April 26, 2006

The Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

We submit to you the Comprehensive Annual Financial Report (CAFR) of the Indianapolis Public Transportation Corporation (IndyGo) for the year ended December 31, 2005. IndyGo is a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity. The IndyGo Controller, management team and staff prepared this report. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller and Management team of IndyGo. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of IndyGo. Disclosures necessary to enable the reader to gain the maximum understanding of IndyGo's financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Government Accounting Standards Board (GASB). There are three main sections to this report, the introductory section, the financial section and the statistical section. The Introductory Section includes this letter, the Certificate of Achievement for Excellence in Financial Reporting, a description of the Municipal Corporation and related taxing districts, a list of appointed officials and the company's organization chart. The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), the audited financial statements and the related footnote disclosures. The Statistical Section includes selected financial and demographic information presented on a multi-year basis.

Organization

The Indianapolis Public Transportation Corporation (IndyGo) is a Municipal Corporation as defined by the "Urban Mass Transportation Act of 1965," adopted in 1965 by the Indiana General Assembly. In 1973, the company was chartered by city ordinance to provide public transportation for the City of Indianapolis, Marion County, the Town of Speedway and the City of Beech Grove.

A seven member Board of Directors establishes operating policy for IndyGo. The Mayor of the City of Indianapolis and the City-County Council of the City of Indianapolis and Marion County, Indiana appoint the Board, which is bipartisan. The Mayor appoints three members, with the Council appointing four.

The Board of Directors develops policies regarding operations, contracts, safety, financing, organization and structure of the Corporation. To affect these policies, members of the Corporation Board meet regularly in public session. These meetings include presentations by the management staff regarding the operational and financial status of the Corporation.

Significant Accomplishments in 2005

- Enhanced service frequency and expanded service area on key routes (37, 38, 39)
- More than 3,000 commuters enrolled in IndyGo's Central Indiana Commuter Services program, a first regional service promoting ridesharing, vanpooling and the use of transit as commuting options
- Replaced 34 new Flexible Service vehicles which are fully ADA accessible
- Unveiled recommendations from the transit's Comprehensive Operational Analysis (COA), evaluated existing bus routes and services, and outlined a course for improvements to meet current and future needs
- Initiated new bus sign project to provide better visibility and more information
- Installed 37 new shelters at key boarding locations
- Continued evaluation of the downtown transit center site
- Approved security cameras on buses technology
- Started installing security fencing
- Implemented a new and improved scheduling program for fixed route and para transit
- Redesigned web site to include bi-lingual information, route updates, special events and programs (www.IndyGo.net)
- Successfully passed FTA Triennial Review, which measures a transit's compliance with federal requirements
- Started making needed improvements to the administration and fleet facility
- Implemented a safety awareness program, resulting in a reduction of accidents, claims and legal expenses

Goals for 2006 and Beyond

- Service enhancement projects:
    - Implement demonstration route using Congestion Mitigation and Air Quality Funds (CMAQ)
        - IUPUI to downtown Indianapolis Circulator
        - Park & Ride from regional locations
        - Airport to downtown express
    - Relocate IndyGo Customer Service Center to the Indianapolis City Market
    - Build a platform for regional rapid transit
    - Unveil new system maps, schedules and route maps to enhance readability and bi-lingual format
- Complete facility maintenance projects
    - Includes new bus wash rack, fuel island and interior cleaning
- Continue to install new bus shelters and bus stop signs
- Finalize the Downtown Transit Center and Transfer Points
    - Site review
    - Site selection
    - Site purchase

- Implement the Transit Advocacy program – designed to educate the public, business leaders and elected officials on the value of a quality transit system in our community
    - Economic development
    - Impact on economy (access to jobs)
    - Reduction in air pollutants
    - Connection to the regional economy
    - Mobility and independence for aging population

Internal Control Structure
IPTC management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control
The Board of Directors adopts a budget in August of each year for the next calendar year. Budgetary control is maintained for certain funds, at the object level of expenditures by the encumbrance of purchase orders against available appropriations. That budget becomes the day-to-day control document of expenditures at the department level. Changes within major account classifications require board approval, while departments are allowed authority to transfer between minor line items within the major accounts.

Cash Management
At all times, minimum cash balances are maintained. Investments of temporary idle funds are in demand deposits, money market deposits, repurchase agreements, U.S. treasury bills or similar government issues until funds are needed for expenditures. All deposits are fully insured by the FDIC or the Indianapolis Public Deposits Insurance Fund, a multiple financial institution collateral pool. At December 31, 2005, excess funds were invested in a Fidelity Institutional Money Market Fund/Government Portfolio (a permissible fund by Indiana State Statute for Public Funds Investment).

Risk Management
Risk management activities at IndyGo are an ongoing program of loss prevention, safety inspections, claims processing and payment, and placement of risk insurance coverage combined with self-insurance retention, all designed to maximize the protection of assets of IndyGo. A schedule of risk coverage is included in the Statistical Section, Table XII of this report, and additional information is contained in the Financial Section, notes to financial statement.

In December 1986, the IndyGo Board of Directors approved the establishment of an Excess Liability Reserve, for the purpose of paying personal injury and property damage claims in excess of $100,000. An actuarial study conducted in April 1987, recommended funding levels of between $590,000 and $1,550,000, depending on the confidence level selected. As of December 31, 2005, the Excess Liability Reserve was $1,254,540.

Significant additional self-insured retentions in effect are as follows: Workers Compensation $300,000 per occurrence; property damage to autos and buses – entirely self-insured.

Independent Audit
The Indiana Urban Mass Transportation Act of 1965 requires the Controller to annually submit the records for audit by Independent Certified Public Accountants designated by the Board of Directors. As a recipient of federal financial assistance, IndyGo is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U. S. Office of Management and Budget Circular A-133, *Audits of State Local Governments and Non-Profits Organizations*. The public accounting firm of Crowe Chizek and Company, LLC performed the annual audit, and in addition performed the audit required by the federal Single Audit Act of 1996 and related OMB Circular A-133. Generally accepted auditing standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting their engagement. The auditors' report on the financial statements with accompanying notes is included in Section Two of this report. Information related to the single audit report, including a schedule of expenditures of federal awards, the independent auditors' report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

OTHER INFORMATION

Audit Committee
Based on recommendations from the Federal Transit Administration, it was suggested that the IndyGo Board of Directors develop an Audit Committee. Gary F. Hentschel was reappointed to serve as Chairman of the IndyGo audit committee for a term of one year. Mr. Hentschel appointed Dennis E. Faulkenberg and Frank T. Short to serve on the audit committee.

Certificate of Achievement
The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Indianapolis Public Transportation Corporation (IndyGo) for its Comprehensive Annual Financial Report for the year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principals generally accepted in the United States of American and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence Reporting Program requirements, and we are submitting this report to the GFOA to determine its eligibility for another certificate.

Acknowledgement
The report presented herein could not have been prepared without the assistance of many persons. We appreciate the assistance received from our independent auditors, Crowe Chizek and Company LLC, in the preparation of this report. Appreciation is also expressed to the City of Indianapolis Controllers Office, the Marion County Auditor's Office and the Indianapolis Economic Development Corporation for their assistance in the Annual Report graphics and demographics.

Respectfully submitted,

Wayne Oteham

Gilbert L. Holmes

Fred L Armstrong

Wayne Oteham	Gilbert L. Holmes	Fred L Armstrong, PA
VP/CFO	President/CEO	Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Indianapolis Public Transportation Corportation, Indiana

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2004

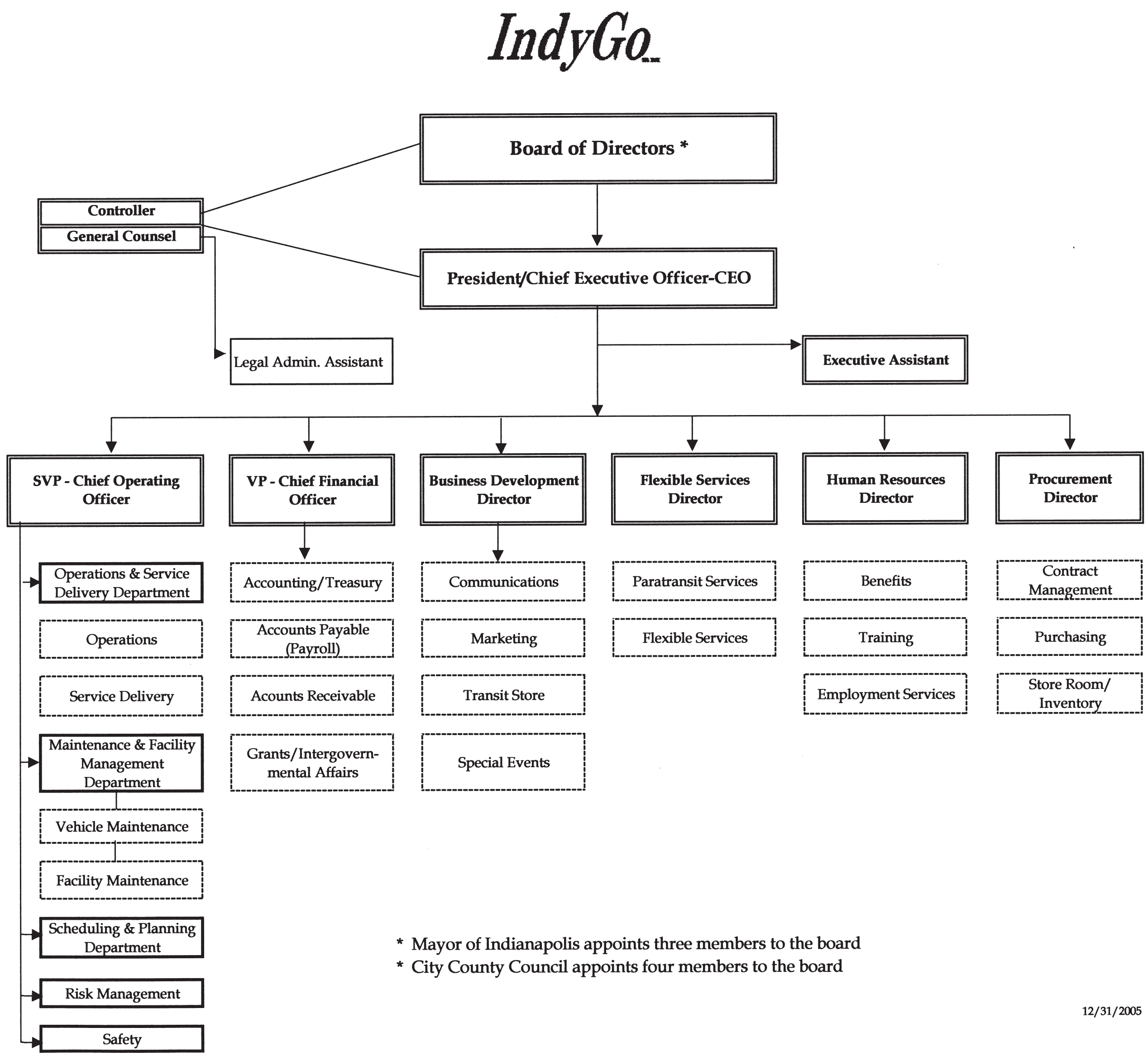
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

Indianapolis Public Transportation Corporation (IPTC)



* Mayor of Indianapolis appoints three members to the board

* City County Council appoints four members to the board

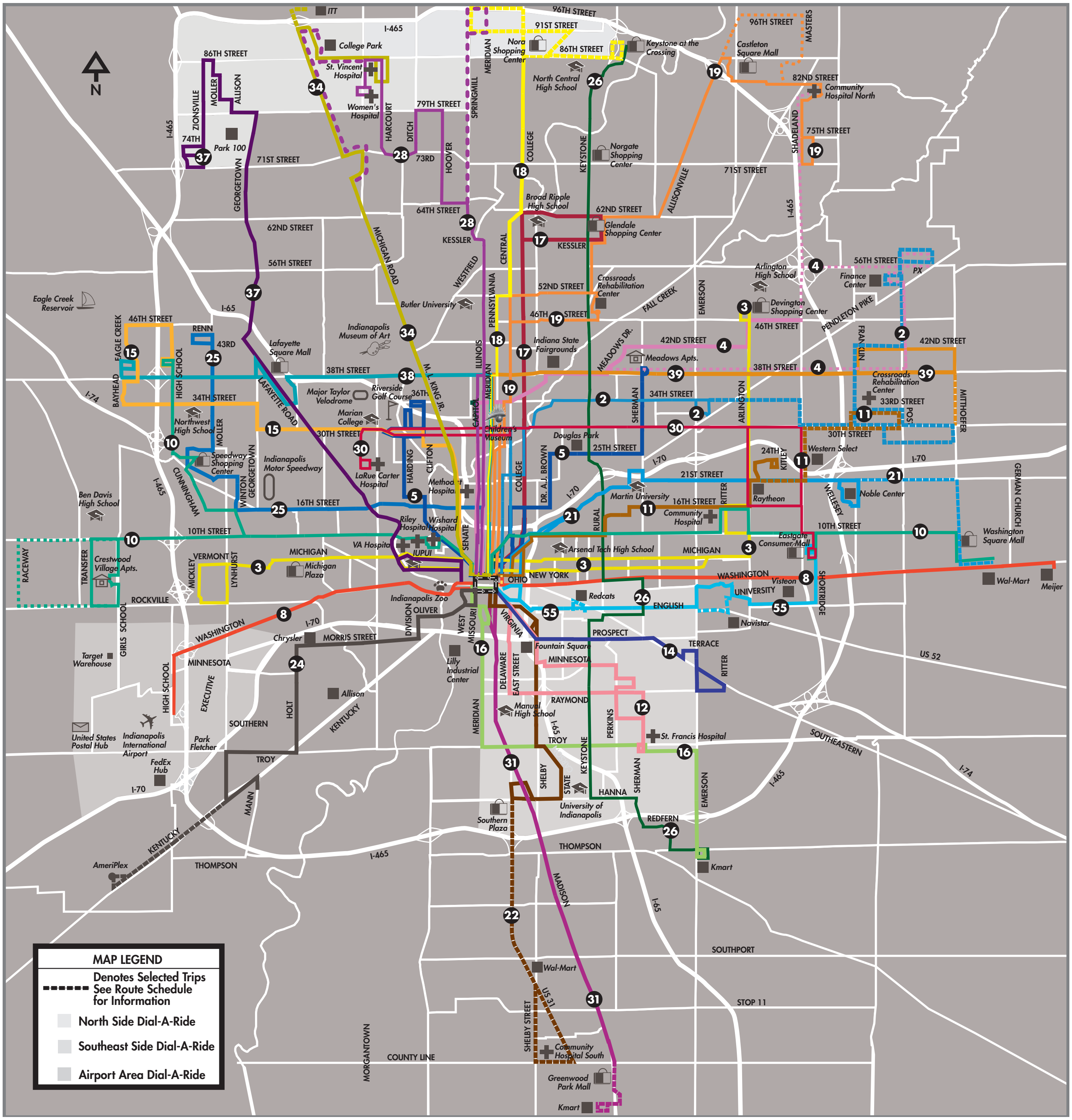
12/31/2005

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION - IndyGo
Board of Directors, Principal Officials and Management

Name	Approximate Length of Service	Occupation
Appointed Board of Directors		
Curtis A. Wiley, Chair (Mayor)	4 yrs	Director Fannie Mae Partnership Office
Tommie L. Jones, Vice Chair & Secretary (Council)	5 ½ yrs	Teacher Decatur Township School District
Gary F. Hentschel, Treasurer (Mayor)	3 yrs	President / Chief Operating Officer Personnel Management, Inc.
Danny M. Crenshaw (Council)	2 ½ yrs	Insurance Specialist Crenshaw Insurance Agency
Dennis E. Faulkenberg (Council)	1 ½ yrs	Public Affairs Specialist Ice Miller
Frank T. Short (Mayor)	1 yr.	President Short Strategy Group, Inc.
Appointed Officials		
Fred L. Armstrong	33 yrs	Controller Fred L. Armstrong, Inc.
Janice E. Kreuscher	3 yrs	General Counsel Indianapolis Public Transportation Corp.
IPTC Principal Management Staff		
Gilbert L. Holmes	3 ½ yrs	President/CEO
Bruce Behncke	4 ½ yrs	SVP/Chief Operating Officer
Wayne Oteham	4 yrs	VP/Chief Financial Officer

Above information is as of 3-21-06

IndyGo Service Area 2005



ROUTE 2 - EAST 34TH STREET	ROUTE 15 - RIVERSIDE
ROUTE 3 - MICHIGAN STREET	ROUTE 16 - BEECH GROVE (2)
ROUTE 4 - FORT HARRISON (2)	ROUTE 17 - COLLEGE
ROUTE 5 - E. 25TH/NORTH HARDING	ROUTE 18 - NORA (2)
ROUTE 8 - WASHINGTON STREET	ROUTE 19 - CASTLETON
ROUTE 10 - 10TH STREET	ROUTE 21 - EAST 21ST STREET (2)
ROUTE 11 - EAST 16TH STREET (1) (2)	ROUTE 22 - SHELBY (1, 2)
ROUTE 12 - BEECHCREST	ROUTE 24 - MARS HILL (2)
ROUTE 14 - PROSPECT	ROUTE 25 - WEST 16TH STREET (2)

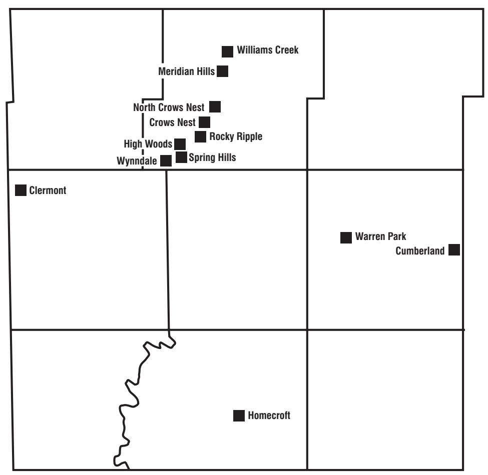
ROUTE 26 - KEYSTONE CROSSTOWN (2)
ROUTE 28 - ST. VINCENT
ROUTE 30 - 30TH STREET CROSSTOWN (1) (2)
ROUTE 31 - GREENWOOD
ROUTE 34 - MICHIGAN ROAD (2)
ROUTE 37 - PARK 100
ROUTE 38 - LAFAYETTE SQUARE
ROUTE 39 - EAST 38TH STREET
ROUTE 55 - ENGLISH (1) (2)

(1) Routes that do not run on Saturday

(2) Routes that do not run on Sunday

Indianapolis Public Transportation Corporation
Taxing Districts

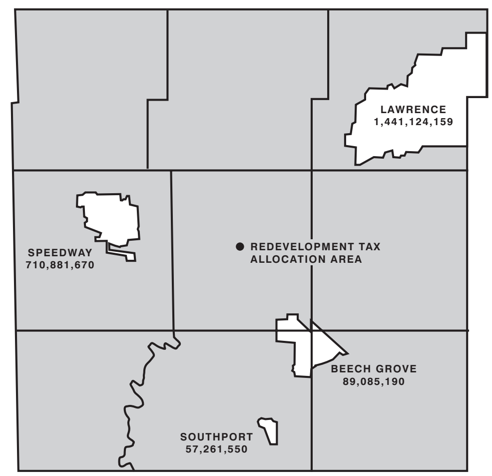
MAP 1



MARION COUNTY AND INCLUDED TOWNS

	True Value Assessed Valuation
Marion County	$39,630,633,113
Included towns	$611,774,680

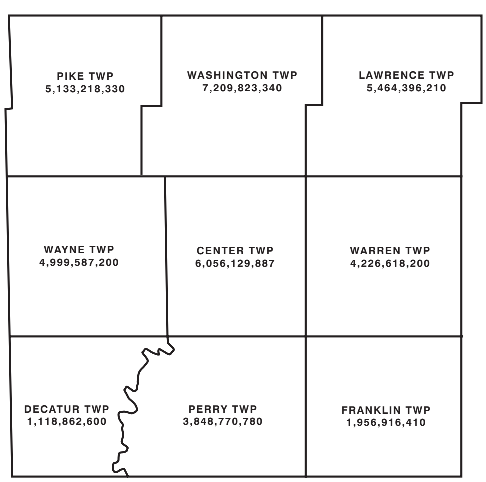
MAP 2



CONSOLIDATED CITY OF INDIANAPOLIS

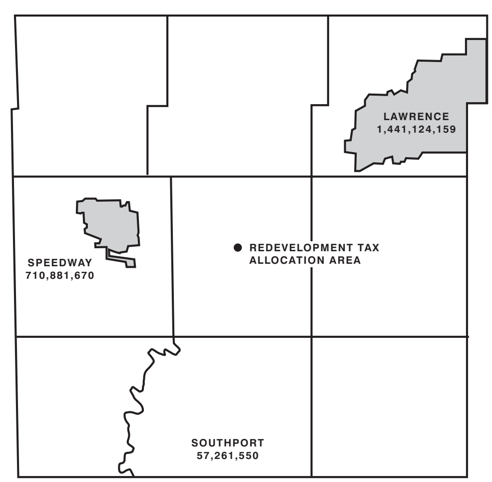
	Assessed Valuation
City of Indianapolis	$37,032,802,664
Exluded Cities and Towns	$2,597,830,449

MAP 3



TOWNSHIP (ASSESSED VALUATIONS)

MAP 4



IPTC TAXING DISTRICT

IPTC	$37,421,365,734
Exluded Cities and Towns	$2,209,267,379

[1] The assessed value figures are those certified by State Department of Local Government Finance as of January 1, 2005
[2] Map 4 represents the taxing district of IPTC, not including excluded cities and towns.

SECTION TWO – FINANCIAL

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2005 and 2004

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Crowe

Crowe Chizek and Company LLC
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Indianapolis Public Transportation Corporation
Indianapolis, Indiana

We have audited the accompanying statements of net assets of Indianapolis Public Transportation Corporation (IPTC) (a municipal corporation and a component unit of the consolidated City of Indianapolis-Marion County Government Reporting Entity) as of December 31, 2005 and 2004, and the related statements of revenue, expense and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the IPTC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 IPTC at December 31, 2005 and 2004, and the respective changes in financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 7 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Indianapolis, Indiana
March 16, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report presents a discussion and analysis of the Indianapolis Public Transportation Corporation's (IPTC's) financial performance for the years ended December 31, 2005 and 2004. Please read this section in conjunction with the IPTC financial statements in the section that follows. For more detailed information on long-term debt activity and capital asset activity please refer to the relevant disclosures in the notes accompanying the basic financial statements.

FINANCIAL HIGHLIGHTS

During 2003 guidance from the Indianapolis City County Council led IPTC to reduce its tax levy approximately three percent. In April 2004 IPTC increased transit fares followed by a significant service reduction in July of that year. Following the change in service there was significant public comment for local officials to find more funding for public transportation in the City of Indianapolis. The IPTC Board of Directors established a Cumulative Capital Fund with a one-cent tax rate adjustment in 2004 to provide for future capital funding. At the same time the IPTC Board of Directors increased the general fund tax rate approximately one and one-half cents. From this board action property tax revenues for capital and operating increased in 2005 by almost $9 million over the previous year. In February 2005 some transit service was restored or enhanced. By the conclusion of 2005 fare revenues and ridership had nearly recovered to levels prior to the fare increase and service reduction in 2004.

While increased funding during 2005 was helpful to stabilize service, IPTC remained under funded and concerned over rising variable operating cost such as fuel and health care benefits.

During the last few years, management has concentrated on replacing and upgrading its revenue fleet. During 2003 twenty-four fixed route buses were replaced along with twelve paratransit buses. Two hybrid electric fixed route buses were purchased in 2004 along with thirty-four paratransit buses. In 2005 nine new fixed route buses were added along with another thirty-four paratransit buses. No additional large bus replacements are scheduled before 2009. A comprehensive preventive maintenance program was implemented resulting in a more reliable fleet with reduced mechanical failures and pull-offs.

During 2004 IPTC began initiating several planning efforts. A comprehensive operational analysis was conducted to evaluate how service is delivered to the community and provide recommendations to improve service through route design, adding park and ride facilities and service, urban transfer centers, downtown transit centers and increased service frequency. Obtaining additional funding to implement these recommendations has not been identified.

A facility maintenance plan was also completed during 2004 to determine the requirements necessary to restore the sole existing facility to its original condition when it was built nearly twenty years ago. Approximately $10 Million of repairs and improvements are necessary to repair and restore the facility to its original condition.

During 2005 IPTC installed 35 new bus shelters at key locations throughout the system. An additional 65 units are scheduled for installation during 2006.

In 2005 IPTC began a program to redesign the transit signage that demarks bus stops. Over the years signage has not kept pace with changing residential and commercial locations. The old signs contained limited information and not placed in useable areas for riders. IPTC completed a pilot signage program in 2005 that included the placement of new signs that demark the bus route and provides a GPS identification and mapping for stops within the system. This program is funded through Surface Transportation Program funds and is projected for completion by 2007.

During 2004 IPTC conducted a technology plan. This plan includes approximately $9 Million in technology infrastructure improvements. Among those items included are new fixed route and paratransit scheduling software, an ERP system (company wide software solution), a communications system (voice and data), in-bus security cameras, an AVL (automated vehicle location) system and MDT's (Mobile Data Terminal) on paratransit buses. During 2005 the fixed route and paratransit software components of the technology plan were implemented.

Management has concentrated on making capital investments in equipment and technology that can be effective in improving service and reducing operating costs. These projects can be implemented due to the availability of Federal capital funding and the establishment of the cumulative capital fund to provide the local match for Federal capital grants.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements and reports on compliance and internal control over financial reporting.

The IPTC's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenue, Expense, and Changes in Net Assets. All assets and liabilities associated with the operation of the IPTC are included in the Statement of Net Assets.

The financial statements provide both long and short-term information about the IPTC's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed information. Please refer to these notes for more in depth and detailed information.

FINANCIAL ANALYSIS

Net Assets

The IPTC's total assets at December 31, 2005 reached almost $56,000,000. This represents an increase of approximately $4,000,000 or 8 percent from the prior year. Total liabilities amounted to just in excess of $30,000,000 for a decrease of approximately 3 percent from the prior year. Total net assets were approximately $26,000,000, an increase of approximately $4,900,000 or 23 percent from the prior year. Increases in local property tax funding, planned and executed increases to the insurance reserve fund, the establishment of a cumulative capital fund, the effect of training and safety programs on claims experience and the aggressive repayment of existing debt obligations all contributed to this increase in net assets (See Table 1).

TABLE 1
NET ASSETS

	2005	2004	2003
Assets:			
Current Assets	19,062,849	15,199,450	11,108,250
Property (net)	36,465,752	36,351,616	39,272,741
Other Assets	238,144	260,552	282,960
Total Assets	55,766,745	51,811,618	50,663,951
Liabilities:			
Current Liabilities	15,842,212	8,561,815	12,099,389
Non-current Liabilities	14,179,001	22,393,547	16,011,093
Total Liabilities	30,021,213	30,955,362	28,110,482
Net Assets:			
Invested in capital assets	19,509,341	19,972,455	20,127,507
Restricted	4,848,101	4,601,899	5,385,503
Unrestricted	1,388,090	(3,718,098)	(2,959,541)
Total net assets	25,745,532	20,856,256	22,553,469
Total liabilities and net assets	55,766,745	51,811,618	50,663,951

Changes in Net Assets

The change in net assets at December 31, 2005, was an increase of $4,889,000 or 23 percent. The IPTC's total operating revenues decreased by $89,000 or approximately 1 percent. Total operating expenses increased $3,210,000 or approximately 7 percent.

TABLE 2 - CHANGES IN NET ASSETS

	2005	2004	2003
Operating Revenues			
Passenger Fares	7,439,435	7,460,629	6,340,099
Special Service	266,104	287,625	335,323
Advertising	231,240	277,349	281,858
Total Operating Revenues	7,936,779	8,025,603	6,957,280
Nonoperating revenues (expenses)			
Property and excise tax	20,468,924	11,487,479	12,436,134
Municipalities	8,973,874	9,629,581	10,402,650
FTA assistance	12,151,019	10,190,216	11,051,586
Contributions – capital grants	4,555,181	3,133,487	7,141,286
Other net revenues (expenses)	(395,042)	1,427,962	(742,904)
Total nonoperating	45,753,956	35,868,725	40,288,752
Total revenue	53,690,735	43,894,328	47,246,032
Operating expenses			
Transportation	22,884,668	22,074,833	23,823,482
Maintenance and equipment, including fuel	11,679,630	9,768,175	9,104,044
Administrative and general	6,076,300	5,671,190	5,016,828
Claims and insurance	771,249	1,435,960	997,305
Depreciation	7,389,612	6,641,383	5,421,162
Total operating expenses	48,801,459	45,591,541	44,362,821
Change in net assets	4,889,276	(1,697,213)	2,883,211
Total net assets, beginning of year	20,856,256	22,553,469	19,670,258
Total net assets, end of year	25,745,532	20,856,256	22,553,469

Revenues: The IPTC's total non-operating revenue for 2005 increased by almost $10,000,000 from the prior year. The IPTC was granted a property tax increase for 2005 that accounted for approximately $9,000,000 of that increase with approximately four million dollars of that being restricted to capital acquisition costs. Operating revenues remained essentially unchanged.

Expenses: Total operating expenses increased just in excess of $3,000,000 for a 7 percent increase in 2005 from the prior year. Maintenance and equipment, including fuel, saw the largest increase during 2005 of all expense categories (20%). Fuel costs increased from $2,400,000 in 2004 to $3,600,000 for 2005 representing a 48 percent increase. Fuel costs for 2003 approximated $1,900,000. During 2004, in the face of poor economic conditions and declining revenues, management streamlined expenses where possible. Non-essential costs were slashed, including travel, entertainment and advertising. The non-bargaining unit workforce was reorganized and many positions were eliminated or consolidated. During 2005, due to uncertainty regarding fare revenue and ridership and precipitous increases in fuel costs the non-essential cost category was expanded to include training costs, security costs, claims reductions and another twenty-seven administrative positions. No further reductions to service were anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2005, IPTC had invested approximately $36,500,000 in capital assets net of accumulated depreciation (see Note 4). As compared to the prior year, this amount represents an increase just in excess of $100,000. Please refer to the notes to the financial statements included in next section of this report for additional information regarding capital assets.

Debt Disclosures

As of December 31, 2005, IPTC had approximately $22,400,000 of notes and bonds payable. (see Note 5). Bonds and notes payable were repaid pursuant to the maturity schedule of each issue. As of December 31, 2005, IPTC management reported compliance with all restrictive covenants of its borrowing agreements. During 2004, $5,000,000 of notes payable was issued to the Indianapolis Bond Bank and $2,000,000 was issued as notes payable to the City of Indianapolis. No new long-term debt was issued during 2005.

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on IPTC, its funding sources, and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENTS OF NET ASSETS
December 31, 2005 and 2004

	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)		
Designated for working capital	$ 7,633,170	$ 6,227,945
Restricted for capital asset acquisition	4,848,101	4,601,899
Restricted for debt service	125	20,519
Restricted for liability reserve accounts	1,254,540	529,452
	13,735,936	11,379,815
Receivables: (Note 3)		
Federal grants	2,766,776	1,738,205
Other receivables, net	709,678	336,824
	3,476,454	2,075,029
Other Current Assets		
Materials and supplies inventories	1,554,590	1,580,406
Deposits and prepaid expenses	295,869	164,200
	1,850,459	1,744,606
Total current assets	19,062,849	15,199,450
Noncurrent assets		
Bond issue cost, unamortized	238,144	260,552
Capital assets:		
Land and land improvements	1,814,859	1,814,859
Buildings and improvements	29,171,446	28,879,975
Revenue vehicles and equipment	46,861,411	43,059,369
Other equipment	5,498,293	3,739,511
	83,346,009	77,493,714
Accumulated depreciation	(46,880,257)	(41,142,098)
Capital assets, net of depreciation	36,465,752	36,351,616
Total noncurrent assets	36,703,896	36,612,168
Total assets	$ 55,766,745	$ 51,811,618

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENTS OF NET ASSETS
December 31, 2005 and 2004

	2005	2004
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts and contracts services payable	$ 3,566,244	$ 1,284,546
Accrued payroll and benefits	1,944,647	1,994,064
Deferred fare revenue	287,768	193,223
Notes payable, current	250,000	250,000
Current maturities of bonds payable (Note 5)	945,000	880,000
Risk management - unpaid claims (Note 6)	278,334	966,070
Federal grantor reimbursement payable (Note 10)	1,519,219	2,993,912
Total current liabilities	8,791,212	8,561,815
Noncurrent liabilities		
Premium on bonds payable	39,001	42,547
Notes payable, net of current maturities (Note 5)	7,051,000	7,266,000
Bonds payable, net of current maturities (Note 5)	14,140,000	15,085,000
Total noncurrent liabilities	21,230,001	22,393,547
Total liabilities	30,021,213	30,955,362
Net assets		
Invested in capital assets, net of related debt	19,509,341	19,972,455
Restricted	4,848,101	4,601,899
Unrestricted	1,388,090	(3,718,098)
Total net assets	25,745,532	20,856,256
Total liabilities and net assets	$ 55,766,745	$ 51,811,618

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended December 31, 2005 and 2004

	2005	2004
Operating revenues		
Passenger fares	$ 7,439,435	$ 7,460,629
Special service	266,104	287,625
Advertising	231,240	277,349
	7,936,779	8,025,603
Operating expenses		
Transportation	22,884,668	22,074,833
Maintenance of equipment, including fuel	11,679,630	9,768,175
Administrative and general	6,076,300	5,671,190
Claims and insurance	771,249	1,435,960
Depreciation	7,389,612	6,641,383
	48,801,459	45,591,541
Operating loss	(40,864,680)	(37,565,938)
Nonoperating revenues (expenses)		
Operating assistance:		
Property and excise tax (Note 8)	20,468,924	11,487,479
Municipalities	8,973,874	9,629,581
FTA and local operating and planning grants, and preventative maintenance funding	12,151,019	10,190,216
Other net revenues (expenses) (Note 9)	(395,042)	1,427,962
Total nonoperating revenue (expense)	41,198,775	32,735,238
Net income (loss) before capital contributions	334,095	(4,830,700)
Contributions - capital grants	4,555,181	3,133,487
Net income (loss)	4,889,276	(1,697,213)
Net assets, beginning of year	20,856,256	22,553,469
Net assets, end of year	$ 25,745,532	$ 20,856,256

See accompanying notes to financial statements.

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENTS OF CASH FLOWS
December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Receipts from customers	$ 7,571,642	$ 8,531,539
Payments for transportation	(22,934,085)	(22,622,590)
Payments for maintenance of equipment, including fuel	(9,372,116)	(10,815,200)
Payments for general and administrative	(6,194,869)	(5,668,156)
Claims paid to outsiders	(1,472,085)	(1,521,812)
Net cash used by operating activities	(32,401,513)	(32,096,219)
Cash flows from noncapital financing activities		
Property and excise tax distributions	20,555,752	11,487,479
Assistance from municipalities	8,973,874	9,629,581
FTA operating assistance	11,122,448	9,578,559
Other non-operating revenue, net	253,399	283,514
Net cash provided by noncapital financing activities	40,905,473	30,979,133
Cash flows from capital and related financing activities		
Capital grant receipts	3,080,488	3,133,487
Purchases of capital assets	(7,660,876)	(3,916,859)
Proceeds from notes payable	35,000	7,016,000
Cash proceeds from sale of capital assets	182,550	365,365
Lawsuit and structured settlements	(250,000)	(268,464)
Amortization and accretion of bond issue costs	18,862	18,862
Principal paid in capital debt	(880,000)	(815,000)
Interest paid on capital debt	(1,035,438)	(940,172)
Net cash provided (used) by capital and related financing activities	(6,509,414)	4,593,219
Cash flows from investing activities		
Sale (purchase) of investments	-	39,588
Interest received on cash and investments	361,575	117,674
Net cash provided by investing activities	361,575	157,262
Net increase in cash and cash equivalents	2,356,121	3,633,395
Cash and cash equivalents, beginning of year	11,379,815	7,746,420
Cash and cash equivalents, end of year	$ 13,735,936	$ 11,379,815

(Continued)

INDIANAPOLIS PUBLIC TRANSPORTATION CORPORATION
(A COMPONENT UNIT OF THE CONSOLIDATED CITY OF INDIANAPOLIS
MARION COUNTY GOVERNMENT REPORTING ENTITY)
STATEMENTS OF CASH FLOWS
December 31, 2005 and 2004

	2005	2004
Summary of unrestricted and board restricted cash and cash equivalents:		
Unrestricted cash	$ 7,633,170	$ 6,227,945
Restricted - Capital asset acquisition accounts	4,848,101	4,601,899
Restricted - Debt service accounts	125	20,519
Restricted - Liability reserve accounts	1,254,540	529,452
Total cash and cash equivalents	$ 13,735,936	$ 11,379,815
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (40,864,680)	$ (37,565,938)
Adjustments to reconcile income (loss) to net cash:		
Depreciation expense	7,389,612	6,641,383
Changes in assets and liabilities:		
Accounts receivable	(372,854)	449,713
Inventory	25,816	(397,092)
Deposits and prepaids	(131,669)	61,643
Accounts payable	2,281,698	(649,933)
Accrued payroll and benefits	(49,417)	(547,757)
Unredeemed fares	7,717	56,223
Risk management	(687,736)	(144,461)
Net cash used by operating activities	$ (32,401,513)	$ (32,096,219)
Noncash Activities:		
Capital grant revenue (Note 10)	1,474,693	-
Capital assets in accounts payable	1,820,554	-

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: IPTC operates in one business segment, public transportation, as an enterprise fund. IPTC's purpose is to acquire, provide and maintain an urban mass transportation system for the metropolitan Indianapolis area.

Indianapolis Public Transportation Corporation (IPTC) d/b/a IndyGo was formed on August 7, 1973 by City-County Council General Ordinance No. 36 as a municipal corporation, which has no stockholders, under the provisions of IC 36-9-4. Management of IPTC has determined that it is a component unit of the Consolidated City of Indianapolis-Marion County Government Reporting Entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and is considered financially accountable to such reporting entity.

The Board of Directors of IPTC consists of seven members, three of whom are appointed by the Mayor of the City of Indianapolis (Mayor) and four of whom are appointed by the City of Indianapolis-Marion County Council (Council). The IPTC Board designates the management of IPTC, namely the General Manager, the Assistant General Managers and the other principal members of the management staff. The IPTC Board adopts the budget and tax levy, and approves the issuance of debt. In addition, the Council may review and modify the budget and tax levy, although its approval is not required for the issuance of debt.

Basis of Accounting: IPTC prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In 1994, IPTC adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. IPTC has therefore elected to apply all applicable GASB pronouncements. In addition, IPTC follows all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. IPTC uses the accrual basis of accounting.

Change in Accounting: During the year ended December 31, 2005, IPTC adopted the provisions of GASB Statement 40, *Deposit and Investment Risk Disclosures*. GASB Statement 40 amends GASB Statement 3 to require the following additional disclosures related to deposit and investment risks:

- Credit risk, including custodial credit risk and concentrations of credit risk
- Interest rate risk
- Foreign currency risk
- Deposit and investment policies related to the applicable risks

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect on net income as a result of these reclassifications.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

Revenue Recognition: Passenger fares are recorded as revenue at the time such services are performed and revenues pass through the fare box. Sales of tickets are recorded initially as unredeemed fares and recognized as income upon passage through the fare box.

Property Taxes: IPTC records property taxes as earned in the year they are due and payable. Taxes are levied separately for operations, fixed asset acquisitions and debt service.

Capital and Operating Grants: Certain expenditures for capital acquisitions, improvements and development of an urban mass transportation system have received significant federal funding through the Federal Transit Administration (FTA). The balance of such expenditures is funded through state and local sources. Funds provided by governmental authorities for capital and operating assistance are recorded when earned.

Cash Equivalents: For purposes of the statement of cash flows, IPTC considers all liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. At December 31, 2005 and 2004, cash equivalents consisted of demand obligations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: In accordance with Indiana Code Section 5-12 et sequal, it is the policy of the IPTC to deposit public funds into the depositories approved by the Marion County Board of Finance. IPTC is further authorized by statute to invest in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, and negotiable order of withdrawal accounts. It is the internal policy of IPTC to invest funds with local, federally insured banks that have a principal office within the County and have been approved by the County Board of Finance.

Cash and certificates of deposit are fully insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposits Insurance Fund. Investments are stated at fair value.

Restricted Assets: Certain cash and investment balances are laterally restricted as follows:

Capital Asset Acquisition Accounts: Proceeds from the sale of the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999C and Series 2002C issued by the Indianapolis Local Public Improvement Bond Bank and fixed asset acquisition funds generated as a separate tax (cumulative funds) are restricted to expenditures for the acquisition of additional revenue vehicles and other capital equipment.

Debt Service Accounts: Property and excise tax revenues designated for bond interest and retirements, as well as interest earned on investments of the debt service accounts, are restricted to retiring the bonds and paying the related interest on the outstanding bonds.

Liability Reserve Accounts: Funds deposited in these accounts are set aside from the general operations of IPTC and used only for the payment of claims arising from accidents involving IPTC that exceed $100,000.

Materials and Supplies Inventories: Materials and supplies inventories are valued at the lower of average cost (determined on a first-in, first-out basis) or market.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Major items of capital assets acquired with federal, state and local funds are capitalized at cost. IPTC adheres to the FTA circular regarding capitalization of assets by capitalizing all assets with a value in excess of $5,000 per unit and a useful life in excess of one year and IPTC adheres to the FTA capitalization policy as appropriate for items which are (a) homogeneous and not individually identifiable; (b) may or may not have a units cost meeting the threshold level for a capitalized asset but where the practice is to purchase in groups and capitalize the total group; and (c) will be maintained together or in the same general area, should be listed by homogeneous grouping. Examples include desks, cubicles, file cabinets, furniture, office equipment, and certain technology hardware. Expenditures for maintenance and repairs are charged to operations as incurred.

IPTC recognizes depreciation on capital assets on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Land improvements	10
Buildings and shelters	10 to 25
Coaches	
Large bus	12
Body on chassis	3 to 5
Autos and trucks	3 to 10
Fare handling and maintenance equipment	3 to 10
Office furniture and equipment	2 to 20

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Vacation leave, which has been earned but not paid, has been accrued in the accompanying financial statements. Compensation for holiday and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts either do not accumulate or they do not vest.

Accumulated unused sick leave benefits are nonvesting and are only paid out upon retirement. The maximum accumulation per employee is 1,800 hours and the maximum paid out per employee is 540 hours. Accumulated unused sick leave benefits are accrued based upon historical information, for employees with at least one year of service regardless of age.

Risk Management Claims: Property damage claims and liabilities for personal injury are recognized as incurred based on the estimated cost to IPTC upon resolution.

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

The following summarizes the IPTC's policies on deposit and investment activity:

Investment Policy and Legal and Contractual Provisions Governing Cash Deposits: In accordance with Indiana Code Section 5-12 et sequal, it is the policy of the IPTC to deposit public funds into the depositories approved by the Marion County Board of Finance. IPTC is further authorized by statute to invest in obligations of the U. S. Treasury and U. S. Agencies, certificates of deposit, repurchase agreements, passbook savings, money market deposit accounts, and negotiable order of withdrawal accounts. It is the internal policy of IPTC to invest funds with local, federally insured banks that have a principal office within the County and have been approved by the County Board of Finance. IPTC does not have specific investment policies on concentration of credit risk, custodial credit risk, interest rate risk, or foreign currency risk.

During the years ending December 31, 2005 and 2004, IPTC only held demand deposit accounts with Indiana financial institutions and one institutional money market deposit account. Demand deposits are fully insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposits Insurance Fund.

Credit Risk and Custodial Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that the IPTC 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 counter party fails. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution.

IPTC has one institutional money market deposit account valued at $845,672 to consider for credit risk and custodial credit risk. This investment had a Standard and Poor credit rating of AAAm and Moody's credit rating of Aaa. No Fitch rating was available.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. IPTC has one institutional money market deposit account valued at $845,672, which represents 100% of uninsured deposits and investment accounts.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The nature of IPTC deposits and investments do not present high exposure to interest rate market risks due to their short term nature.

NOTE 2 – CASH DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All IPTC deposits and investments are denominated in United States currency.

Cash Deposits: IPTC maintains cash deposits with area financial institutions. A summary of these deposits at December 31, 2005 and 2004 is as follows:

	2005		2004	
	Carrying Value	Bank Balance	Carrying Value	Bank Balance
On hand	$ 1,000	$ -	$ 1,000	$ -
On deposit				
Insured by FDIC	200,000	200,000	100,000	100,000
Insured by Indiana Public Deposits Insurance Fund	12,688,812	12,881,853	6,581,894	6,846,597
	$ 12,889,812	$ 13,081,853	$ 6,682,894	$ 6,946,597

NOTE 3 - FEDERAL GRANTS RECEIVABLE AND OTHER RECEIVABLES

Federal grants receivable were $2,766,776 and $1,738,205 at December 31, 2005 and 2004. Management has not made a provision for an allowance for uncollectible accounts.

Other receivables relate to transportation related services with the following:

	2005	2004
Other receivables	$ 729,678	$ 356,824
Allowance for uncollectible accounts	(20,000)	(20,000)
	$ 709,678	$ 336,824

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Capital Assets Cost	Balance January 1, 2005	Changes During Year Additions	Reductions	Balance December 31, 2005
Land and improvements	$ 1,814,859	$ -	$ -	$ 1,814,859
Buildings and improvements	28,879,975	291,471	-	29,171,446
Revenue vehicles and equipment	43,059,369	5,435,263	(1,633,221)	46,861,411
Other equipment	3,136,224	1,543,600	(175,359)	4,504,465
Construction in progress	603,287	390,541		993,828
	$ 77,493,714	$ 7,660,875	$ (1,808,580)	$ 83,346,009

Accumulated Depreciation	Balance January 1, 2005	Changes During Year Additions	Reductions	Balance December 31, 2005
Land and improvements	$ (348,860)	$ (16,455)	$ -	$ (365,315)
Buildings and improvements	(21,734,168)	(1,330,344)	-	(23,064,512)
Revenue vehicles and equipment	(16,862,897)	(5,506,767)	1,476,094	(20,893,570)
Other equipment	(2,196,173)	(536,046)	175,359	(2,556,860)
	$ (41,142,098)	$ (7,389,612)	$ 1,651,453	$ (46,880,257)

Capital Assets, Net				
Land and improvements	$ 1,465,999	$ (16,455)	$ -	$ 1,449,544
Buildings and improvements	7,145,807	(1,038,873)	-	6,106,934
Revenue vehicles and equipment	26,196,472	(71,504)	(157,127)	25,967,841
Other equipment	940,051	1,007,554	-	1,947,605
Construction in progress	603,287	390,541	-	993,828
	$ 36,351,616	$ 271,263	$ (157,127)	$ 36,465,752

NOTE 4 - CHANGES IN CAPITAL ASSETS (Continued)

Capital Assets Cost	Balance January 1, 2004	Changes During Year Additions	Changes During Year Reductions	Balance December 31, 2004
Land and improvements	$ 1,808,717	$ 6,142	$ -	$ 1,814,859
Buildings and improvements	28,782,476	288,692	(191,193)	28,879,975
Revenue vehicles and equipment	50,716,553	2,829,810	(10,486,994)	43,059,369
Other equipment	4,775,550	188,928	(1,828,254)	3,136,224
Construction in progress	-	603,287	-	603,287
	$ 86,083,296	$ 3,916,859	$ (12,506,441)	$ 77,493,714

Accumulated Depreciation	Balance January 1, 2004	Changes During Year Additions	Changes During Year Reductions	Balance December 31, 2004
Land and improvements	$ (67,090)	$ (281,770)	$ -	$ (348,860)
Buildings and improvements	(20,405,904)	(1,336,403)	8,139	(21,734,168)
Revenue vehicles and equipment	(22,420,405)	(4,684,226)	10,241,734	(16,862,897)
Other equipment	(3,917,150)	(338,984)	2,059,961	(2,196,173)
Construction in progress	-	-	-	-
	$ (46,810,549)	$ (6,641,383)	$ 12,309,834	$ (41,142,098)

Capital Assets, Net				
Land and improvements	$ 1,741,627	$ (275,628)	$ -	$ 1,465,999
Buildings and improvements	8,376,572	(1,047,711)	(183,054)	7,145,807
Revenue vehicles and equipment	28,296,148	(1,854,416)	(245,260)	26,196,472
Other equipment	858,400	(150,056)	231,707	940,051
Construction in progress	-	603,287	-	603,287
	$ 39,272,747	$ (2,724,524)	$ (196,607)	$ 36,351,616

NOTE 5 - DEBT OBLIGATIONS

The following disclosure provides detail on IPTC long term debt obligations. IPTC did not engage in any short term debt activity during the years ended December 31, 2005 and 2004, and therefore, no additional disclosure is provided.

At December 31, 2005 and 2004, IPTC long term debt consisted of bonds payable and notes payable. Changes in debt were as follows:

	Balance January 1, 2005	Changes During Year Additions	Changes During Year Reductions	Balance December 31, 2005
Bonds payable	$ 15,965,000	$ -	$ (880,000)	$ 15,085,000
Notes payable	$ 7,516,000	$ 35,000	$ (250,000)	$ 7,301,000

	Balance January 1, 2004	Changes During Year Additions	Changes During Year Reductions	Balance December 31, 2004
Bonds payable	$ 16,780,000	$ -	$ (815,000)	$ 15,965,000
Notes payable	$ -	$ 7,641,000	$ (125,000)	$ 7,516,000

Bonds Payable: Debt consists of the $10,545,000 Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999C and $4,540,000 Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002C. The amounts outstanding at December 31, 2005 and 2004 are as follows:

	2005	2004
Series 1999C	$ 10,545,000	$ 11,195,000
Series 2002C	4,540,000	4,770,000
	15,085,000	15,965,000
Current portion	945,000	880,000
Long term portion	$ 14,140,000	$ 15,085,000

NOTE 5 – DEBT OBLIGATIONS (Continued)

Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999C - The Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999C, dated April 1, 1999, were issued in the aggregate principal amount of $14,530,000, at a discount of $137,711. The Series 1999C Bonds were used to finance the refunding of the Public Transportation Revenue Notes of 1996 and to provide local matching funds for FTA grants to acquire new and replacement coaches and other vehicles and equipment and to perform preventative maintenance on equipment and rehabilitation of the facility.

The remaining Series 1999C Bonds bear interest rates varying from 3.95 to 5.00%, payable on January 10 and July 10 of each of the years 2001 to 2016. The Series 1999C Bonds maturing on or after January 10, 2010 may be redeemed on or after January 10, 2009, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption. Debt service requirements to maturity for the outstanding bonds are as follows:

Years Ending December 31	Principal	Interest	Total
2006	$ 720,000	$ 507,072	$ 1,227,072
2007	805,000	471,073	1,276,073
2008	870,000	430,823	1,300,823
2009	905,000	387,323	1,292,323
2010	960,000	346,598	1,306,598
Thereafter	6,285,000	972,830	7,257,830
	$ 10,545,000	$ 3,115,719	$ 13,660,719

Interest expense on the Indianapolis Local Public Improvement Bond Bank Bonds, Series 1999C was $539,573 and $568,823 for the years ended December 31, 2005 and 2004.

Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002 - The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2002C, dated December 18, 2002, were issued in the aggregate principal amount of $5,000,000, at a premium of $49,626. The Series 2002C Bonds are being used to provide local matching funds for FTA grants to acquire long lived capital assets. Bond proceeds were also used to redeem the 2001 Bond Anticipation Note. The Series 2002C Bonds bear interest rates varying from 2.25 to 5.125%, payable on January 10 and July 10 commencing July 10, 2004 and have serial maturities from 2005 through 2017. The Series 2002C Bonds maturing on or after January 10, 2013 may be redeemed on or after January 10, 2012, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date of redemption.

NOTE 5 – DEBT OBLIGATIONS (Continued)

Debt service requirements for the bonds are:

Years Ending December 31	Principal	Interest	Total
2006	$ 225,000	$ 200,694	$ 425,694
2007	215,000	193,943	408,943
2008	225,000	186,956	411,956
2009	275,000	179,081	454,081
2010	300,000	168,906	468,906
Thereafter	3,300,000	763,968	4,063,968
	$ 4,540,000	$ 1,693,548	$ 6,233,548

Bond interest expense was $206,674 and $211,848 for the year ended December 31, 2005 and 2004.

Notes Payable: Notes payable consists of three note agreements as follows:

Indianapolis Public Transportation Taxable Notes of 2004 - In March 2004, IPTC approved a resolution to issue notes payable designated as "Indianapolis Public Transportation Taxable Notes of 2004" in an aggregate amount of $5,000,000. The notes were purchased by the Indianapolis Local Public Improvement Bond Bank (Bond Bank) from proceeds of Bond Bank Notes with Bank One, NA. The notes have a five-year term with the first two years at a fixed rate of 3.04% and the final three years at variable rate based on the LIBOR rate plus 40 basis points. The purpose of the transaction was to provide a revolving line of credit to be used for operating cash flow. Principal is due at the end of term of the agreement and is categorized as a long term liability.

Note interest expense was $168,002 and $102,860 for the year ended December 31, 2005 and 2004.

NOTE 5 – DEBT OBLIGATIONS (Continued)

City of Indianapolis Loan Agreement - During 2004, IPTC entered into a $2 million loan agreement with the City of Indianapolis to provide working capital to cover operating expenses, to prevent future service reductions in bus routes, to provide alternative forms of transportation for passengers affected by planned route changes, and review existing routes to plan for needed service change.

The loan is payable no later than December 31, 2007. The total repayment will be adjusted for the actual amount of money loaned and/or expenses paid by the City and will be discounted back to the baseline year 2005, at the investment grade interest rate in effect at that time. The City reserves the right to permanently waive repayment of principal or repayment of interest on all or any portion of the loan by mutual agreement with IPTC.

Note interest expense was $35,000 and $16,000 for the year ended December 31, 2005 and 2004.

First Transit Settlement Agreement - In September 2004, a settlement agreement was reached between First Transit and IPTC related to a service contract with ATE (now First Transit) that included the acquisition of buses and services for certain bus routes. The settlement agreement provided that IPTC pay First Transit $625,000 with a payment schedule as follows:

- $125,000 due on or before October 2004
- $250,000 due on or before February 28, 2005
- $250,000 on or before February 28, 2006.

At December 31, 2005, IPTC has recorded a current notes payable of $250,000. The first installment of $125,000 was paid during 2004. The second installment of $250,000 was paid during 2005.

NOTE 6 - RISK MANAGEMENT

IPTC is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which IPTC carries commercial insurance and maintains certain risks. Detail of the claims liability, based upon the requirements of GASB Statement No. 10, is provided below. This Statement requires that a liability for claims be reported if information before the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the liability can be reasonably estimated. The liability is estimated based upon historical experience. There is no significant incremental claim adjustment expense, salvage, or subrogation attributable to this liability. Activity for the years ended December 31, 2005 and 2004 was as follows:

	2005	2004
Unpaid claims, beginning of year	$ 966,070	$ 1,110,531
Incurred claims and changes in claim estimates	784,349	1,062,084
Claim payments	(1,472,085)	(1,206,545)
Unpaid claims, end of year	$ 278,334	$ 966,070

On December 23, 1986, IPTC's Board of Directors approved the establishment of a non-reverting fund (Liability Reserve Accounts) for payment of personal injury and property damage claims in excess of $100,000. For claims in excess of $100,000, the amount of the claim exceeding $100,000 will be paid out of the liability reserve accounts. Claims up to $100,000 will be paid out of the general accounts of IPTC. IPTC is self-insured for worker's compensation up to $275,000 per occurrence and is entirely self-insured for personal injury. It is completely self-insured for property damage to coaches.

Estimates of expected losses to IPTC resulting from personal injuries for which claims have been filed or for which it is anticipated claims will be filed have been provided for in the financial statements. Litigation occasionally results from such claims. When, in the opinion of management, such litigation will result in a loss to IPTC, provision is made in the financial statements for loss expected upon resolution. There were no significant reductions in insurance coverage during 2005 and 2004 and there were no settlements that exceeded insurance coverage during 2005 and 2004 for those risks that IPTC purchased insurance.

NOTE 7 - OPERATING LEASES

IPTC is obligated under certain leases through September 2007 for the Transit Store premise and office equipment that are accounted for as operating leases. Lease rental expense for the years ended December 31, 2005 and 2004 was $77,817 and $67,821. A schedule of future minimum operating lease payments required that have initial or remaining lease terms in excess of one year as of December 31, 2005:

Year Ending December 31:	
2006	$ 25,345
2007	3,320
	$ 28,665

NOTE 8 - PROPERTY TAXES

IPTC receives substantial funding through property taxes. Property tax revenues represent a portion of the local subsidy for operations and, through separate levies, are used to pay debt service and fixed asset acquisition costs.

All taxable property located within the IPTC taxing district is assessed annually each March 1st. In mid-April of the year subsequent to the assessment, individual property tax statements are to be mailed by the Marion County Treasurer to the owners of record as of the assessed valuation date. Taxes are payable to the Treasurer in equal installments on or before May 10 and November 10 of the year subsequent to assessment. The Treasurer remits collections to IPTC and other governmental units within the county.

If any taxpayer fails to pay the tax installments when due, a penalty of 10% of the tax due shall be payable thereon. Installments not paid by November 10th of the following year are assessed an additional penalty of 5% of the tax due. Installments not paid on or before May 10th of the next year result in the tax sale of the taxable property. The delinquent taxpayers is subject to payment of all costs and expenses that may be incurred in the advertisement of such property and the collection of such taxes through any method authorized by the statutes or laws of the State of Indiana.

NOTE 9 - OTHER NON-OPERATING REVENUE (EXPENSE)

Other non-operating revenue (expense) consisted of the following:

	2005	2004
Other revenues:		
Interest income	$ 361,575	$ 117,674
Other income – lawsuit settlement	-	1,798,182
Gain on sale of fixed assets	25,422	168,764
Discounts taken	1,342	9,550
Miscellaneous	274,465	296,372
	662,804	2,390,542
Other expenses:		
Interest - payable from restricted debt service assets	(746,246)	(780,671)
Interest - payable from unrestricted assets	(289,192)	(159,501)
Amortization of bond issue costs	(22,408)	(22,408)
	(1,057,846)	(962,580)
	$ (395,042)	$ 1,427,962

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Grant Agreements: Under the terms of its grants, IPTC is subject to review by grantors and certain costs may be challenged as to allowability resulting from noncompliance with federal and state statutes or failure to abide by any of the terms and conditions of the agreements. Such reviews could lead to reimbursement to the grantor agency.

The FTA conducted a special review of IPTC grant agreements and provided a final report dated January 23, 2003. The stated purpose of the review was to reconcile specific grant programs and summarize allowable, unallowable, and reclassified costs on grants with activities. The final report documented unallowable costs of $2,993,912. The FTA and IPTC worked out a structured settlement agreement whereby IPTC would make an investment in long term capital assets and FTA would retain a residual ownership interest. FTA accepted the terms on March 22, 2005. Once FTA has satisfied itself that the costs have been incurred, it will release FTA's interest in items associated with the disallowed costs. IPTC agreed to commit, contractually obligate or expend $3,742,390 in local funds by December 31, 2007 as follows:

	Total Project	Interest Retained by FTA	Local Interest
December 31, 2005	$ 1,342,390	$ 1,073,912	$ 268,478
December 31, 2006	1,200,000	960,000	240,000
December 31, 2007	1,200,000	960,000	240,000
	$ 3,742,390	$ 2,993,912	$ 748,478

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

During the year ended December 31, 2005, IPTC expended $1,843,366 of project funds for long-lived capital assets with an FTA interest of $1,474,693 and a local interest of $368,673, thereby complying with the terms of the structured settlement agreement. After the above application of payment, a balance of $1,899,024 of total project funds with an interest retained by FTA of $1,519,219 and a local interest of $379,805 remains to be committed, contractually obligated or expended prior to December 31, 2007.

Other Commitments and Contingencies: Various claims and lawsuits arising from the normal course of business are pending against IPTC. The nature of the IPTC's operations sometimes subjects the IPTC to litigation resulting from workmen's compensation claims, and property damages and personal injury. General Counsel for the IPTC is of the opinion that ultimate settlement of such claims in excess of insurance coverage will not result in a material adverse effect on IPTC's financial statements as of December 31, 2005 and 2004. IPTC has recorded an estimated liability for risk management unpaid claims of $278,334 and $966,070 at December 31, 2005 and 2004.

NOTE 11 - BENEFIT PLANS

Defined Contribution Plan: IPTC maintains a defined-contribution plan, the Indianapolis Public Transportation Corporation Pension Plan, for the benefit of substantially all of its employees. All employees who are regularly scheduled to work at least 30 hours per week become eligible for the Plan on the first day of the month following commencement of employment or completion of any applicable probationary period. The Plan may be amended by action of IPTC's Board of Directors, subject to any applicable collective bargaining obligations. The Plan requires both employer and employee contributions at the rate of 3.5% of compensation. Plan participants and IPTC each contributed approximately $615,868 and $623,105 to the Plan for 2005 and 2004 (a total of $1,231,736 and $1,246,210).

Deferred Compensation Plan: IPTC maintains an IRS Code Section 457 plan, the Indianapolis Public Transportation Corporation Deferred Compensation Plan. All employees become eligible to participate in the Plan on the first day of the second month following commencement of employment or completion of any applicable probationary period. The Plan allows for employee contributions only. Plan assets are held in a trust separate from IPTC's assets. Contributions by employees to the Plan were approximately $194,345 and $185,147 for the years ended December 31, 2005 and 2004.

NOTE 11 - BENEFIT PLANS (Continued)

Other Postretirement Benefits: In addition to providing pension benefits, IPTC provides certain health care and life insurance benefits to retired employees for actual costs up to $900 per year. These postretirement benefits are covered by a collective bargaining agreement between IPTC and Local 1070 of the Amalgamated Transit Union (ATU). Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for IPTC. Approximately 98 and 100 employees met these eligibility requirements at December 31, 2005 and 2004. The cost of retiree health care and life insurance benefits is recognized as expense when paid. Those costs totaled approximately $52,000 and $78,000 for the years ended December 31, 2005 and 2004.

During 1996, IPTC offered certain employees fully paid medical benefits until retirement age as an incentive for early retirement. There are 32 retirees receiving these benefits, which IPTC has recorded expenses of approximately $28,000 and $25,000 for the years ended December 31, 2005 and 2004.

Defined Benefit Pension Plan:

Plan Description: IPTC provides pension benefits through a single-employer defined-benefit exempt governmental plan known as the Indianapolis Public Transportation Corporation Pension Plan. The Plan is part of an agreement between IPTC and ATU.

Effective December 31, 1997, the Plan was amended to freeze all accrued benefits. While the Plan continues to exist, no further contributions will be made by either the employees or IPTC. All full-time IPTC employees who had completed sixty working days of continuous service, on or before December 31, 1997, were eligible to participate in the Plan.

For purposes of computing normal retirement benefits, employees' total earnings through December 31, 1997, will be considered. In addition, effective December 31, 1997, the Plan was amended to remove the disability benefit provisions.

Normal retirement benefits are payable for employees who have attained age 65 and completed 15 years of service. Early retirement benefits are available for employees who have attained age 55 and completed 15 years of continuous service. Employees are considered 100% vested upon reaching early retirement eligibility.

Prior to December 31, 1997, the normal retirement benefit was equal to 2 3/4% of total employee earnings since January 1, 1950, plus 3/4% of the average annual earnings of the occupation group to which the employee belonged for the five years preceding 1950, multiplied by the years of continuous service prior to 1950.

NOTE 11 - BENEFIT PLANS (Continued)

Early retirement benefits were available at reduced amounts. Participating employees contributed 3 1/2% of total compensation to the Plan, and the IPTC contributed 3 1/2% of the total compensation of the participating employees. Employees' contributions plus interest is to be refunded in the event of separation of service or death.

Funding Policy: After December 31, 1997, there are no contribution requirements for either the employer or the employees. Before the Plan being frozen, the contribution requirements of Plan members and IPTC were established by an agreement between IPTC and Local 1070 of the ATU. Contribution requirements were not actuarially determined, but rather were set at 3.5% of annual covered payroll each for employees and the employer.

Annual Pension Cost and Net Pension Obligation: Because the Plan was frozen as of December 31, 1997, and because, before the freeze, the contribution requirements were not actuarially determined, many of the accounting and disclosure requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, are not applicable. There are no annual required contributions for 2005 and 2004 and no annual pension cost. IPTC has determined that it has no pension liability (asset) at transition as defined by GASB Statement No. 27.

The Plan's obligations exceeded the market value of its assets by approximately $6,225,595 and $9,723,787 at December 31, 2005 and 2004. This obligation remains that of the Plan rather than of IPTC. In the event that the Plan does not attain full funding, pursuant to the Plan agreement, the net assets of the Plan will first be applied to repay individual employee contributions in excess of any employee contributions previously disbursed. The remainder of net assets will be distributed in the proportion that each employee's actuarially determined accrued benefit has to the accrued benefits of all covered employees.

The pension obligation was determined as part of the December 31, 2005 actuarial valuation using the aggregate actuarial cost method. The actuarial assumptions included an 8% investment rate of return (net of administrative expenses) and projected salary increases of 0% due to the Plan's freeze as of December 31, 1997. No inflation component has been considered. The projected benefit equals the employee's actual benefit (based on total compensation through December 31, 1997) with no future benefit accruals. Three-year trend information for the plan reflects that IPTC has no annual pension cost or net pension obligation.

NOTE 12 - SUBSEQUENT EVENT

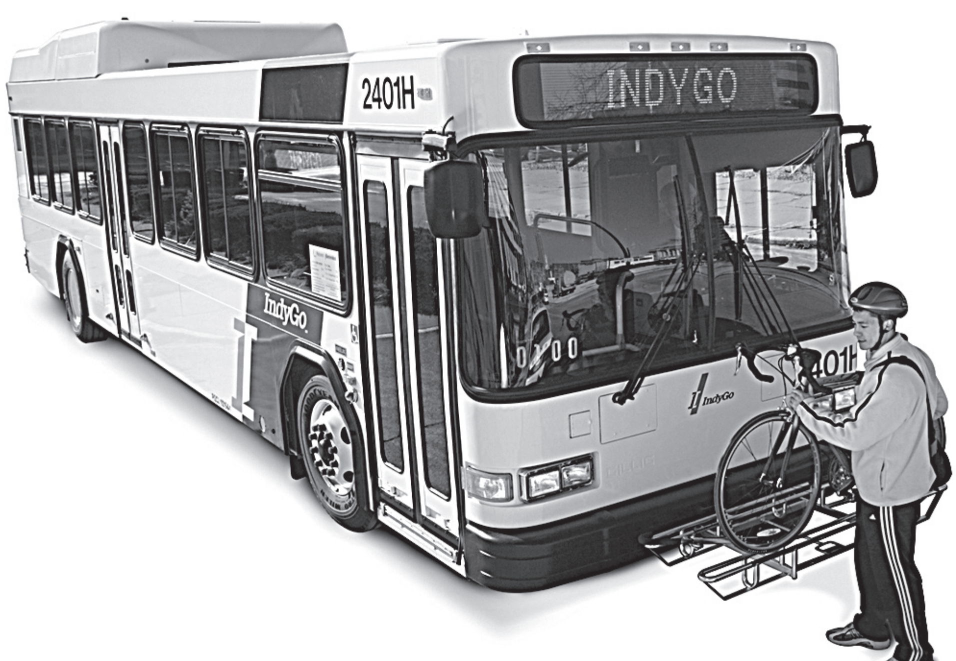
On January 10, 2006, a binding interest arbitration award was issued regarding the single-employer defined-benefit exempt governmental plan (Defined Benefit Pension Plan) known as the Indianapolis Public Transportation Corporation Pension Plan. The arbitration award effectively modified the existing plan agreement for retirees, participants, Indianapolis Public Transportation Corporation and Amalgamated Transit Union, Local 1070.

Indianapolis Public Transportation Corporation prior to this award was not obligated to make any further contributions to this plan. Subsequent to this award, IPTC is now obligated to contribute $1,500,000 to the plan over the next ten years. IPTC is to contribute $165,000 in each of the next five years and $135,000 in each of the following five years.

Certain participants are to be returned contributions they made to the plan without interest and are to be withdrawn for future participation in this plan. These employees will be able to participate/continue to participate in the employee defined contribution plan (401A). Future contributions made by employees into the defined contribution plan will continue to be a three and one-half percent. The employer match percentage will remain at three and one-half percent, however only three percent will go the match employee contributions into the defined contribution plan while the remaining one-half percent will be directed to the defined benefit plan.

Certain other participants are to remain in defined benefit plan while actively employed at IPTC and are to begin making contributions to the plan at a rate of four and one-half percent. The employer will match their contributions up to three and one-half percent. Participants remaining in the defined benefit plan will not be allowed to make future contributions to their defined contribution accounts.

The interest arbitration award eliminated the early retirement provision previously provided for in the defined benefit plan.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SECTION THREE – STATISTICAL (Unaudited)

SECTION THREE

STATISTICAL (Unaudited)

Table I

Indianapolis Public Transportation Corporation
Operating Expense, Capital Acquisitions and Debt Service (1)
Last Ten Years

Year	Operating Expense (2)	Capital Acquisitions	Debt Service	Total
2005	$48,801,459	$7,660,875	$1,896,576	$58,358,910
2004	45,591,541	3,916,859	1,736,310 (4)	51,244,710
2003	44,362,821	8,926,608	1,573,243	54,862,672
2002	40,419,296	76,695	5,944,067 (3)	46,440,058
2001	42,974,298	9,032,598	1,315,720	53,322,616
2000	41,105,006	15,964,736	2,343,533	59,413,275
1999	34,295,459	1,548,744	1,496,140	37,340,343
1998	29,688,861	4,517,398	1,035,481	35,241,740
1997	29,112,983	8,514,428	1,071,508	38,698,919
1996	28,450,664	1,319,411	1,326,056	31,096,131

(1) Data presented on the accrual basis of accounting.
(2) Including depreciation expense.
(3) Includes repayment of bond anticipation note.
(4) Debt service includes principle and interest payments on bond payable and note payable.
Source: Audited Financial Statements

Table II

Indianapolis Public Transportation Corporation
Tax Revenue by Source (1)
Last Ten Years

Year	Total Taxes	General Property Taxes (2)	Bank Building and Loan Tax (3)	Excise Total
2005	$20,468,924	$18,775,623	$216,842	$1,476,459
2004	11,487,489	10,422,330	220,920	844,239
2003	12,436,134	11,331,063	116,152	988,919
2002	10,979,496	9,880,175	108,624	990,697
2001	10,683,856	9,582,593	105,755	995,508
2000	10,382,575	9,360,937	106,279	915,359
1999	10,140,632	9,122,752	18,081	899,799
1998	9,984,110	8,916,706	106,447	960,957
1997	9,479,451	8,483,930	114,065	881,456
1996	9,486,463	8,512,051	112,294	862,118

(1) Data presented on the accrual basis of accounting.
(2) Including Operating and Debt Service.
(3) Commencing in 2001 and forward this total includes Commercial Vehicle Excise Tax.

Table III

Indianapolis Public Transportation Corporation
General Revenue by Source, Including Non-operating Revenue (1)
Last Ten Years

Year	Passenger Fares	Charter & Special Service	General Property Taxes (2)	Excise, Bank, Building & Loan Tax (3)	Federal Assistance
2005	$7,439,435	$266,104	$18,775,623	$1,693,301	$12,151,019
2004	7,460,629	287,625	10,422,330	1,065,149	10,190,216
2003	6,340,099	335,323	11,331,063	1,105,071	11,051,586
2002	5,994,095	324,554	9,880,175	1,099,321	8,994,512
2001	6,740,900	380,883	9,582,593	1,101,263	7,866,590
2000	3,789,774	394,715	9,360,937	1,021,638	9,120,962
1999	7,332,113	336,418	9,122,752	1,017,880	6,130,945
1998	6,708,510	259,949	8,916,706	1,067,404	4,372,364
1997	6,760,008	356,407	8,483,930	995,521	1,811,926
1996	7,118,444	290,039	8,512,051	974,412	1,788,706

(1) Data presented on the accrual basis of accounting.
(2) Includes Operating and Debt Service.
(3) Commencing in 2001 and forward this total includes Commercial Vehicle Excise Tax.

Table IV

Indianapolis Public Transportation Corporation
General Property Tax Levies and Collections (1) (2)
Last Ten Years

Year	Taxes Levied (3)	Current Taxes Collected	Percent Of Levy Collected	Delinquent Taxes Collected	Total Collection	Total Collections as Percent of Current Levy
2005 (5)	$19,298,119	$17,865,005	92.6%	$910,618	$18,775,623	97.3%
2004	10,635,575	10,210,152	96.0%	212,178	10,422,330	98.0%
2003	9,829,549	9,893,131	100.7%	201,901	10,095,032	102.7%
2002	9,934,166	9,646,075	97.1%	234,100	9,880,175	99.5%
2001	9,632,636	9,266,596	96.2%	315,997	9,582,593	99.5%
2000	9,502,324	9,020,546	94.9%	340,391	9,360,937	98.5%
1999	9,258,420	8,778,927	94.8%	343,825	9,122,752	98.5%
1998	9,082,349	8,662,783	95.4%	253,923	8,916,706	98.2%
1997 (4)	8,658,680	8,157,834	94.2%	326,096	8,483,930	98.0%
1996	8,425,492	8,238,192	97.8%	273,859	8,512,051	101.0%

(1) Includes Operating and Debt Service.
(2) Data presented on the cash basis.
(3) Per Indiana Department of Local Government Finance Order.
(4) Collection lower due to refunds on appeals from shopping centers/1990 reassessment.
(5) Includes cumulative fund.

Table III
Sheet 2

State Assistance		Municipalities Contract Service		Advertising	Other (6)	Total
$8,973,874		0		$231,240	$662,804	$50,193,400
9,629,581	(7)	0	(5)	277,349	2,390,542	41,723,421
0	(4)	10,402,650	(5)	281,858	152,585	41,000,235
0	(4)	9,863,270	(5)	224,062	319,694	36,699,683
0	(4)	9,715,245	(5)	205,484	242,395	35,835,353
0	(4)	9,492,246	(5)	210,556	374,137	33,764,965
44,420	(4)	6,377,892	(5)	218,891	407,473	30,988,784
0	(4)	6,224,591	(5)	145,197	299,749	27,994,470
0	(4)	6,221,828	(5)	166,242	400,566	25,196,428
0	(4)	6,398,557	(5)	171,667	262,579	25,516,455
5,605,736		192,864		132,539	258,371	25,331,193

(4) State assistance diverted to the City of Indianapolis in 1996.
(5) 1996 and later years represent contract with the City of Indianapolis.
(6) Includes restricted and unrestricted interest.
(7) State assistance returned to IPTC in 2003

Table V

Indianapolis Public Transportation Corporation
Assessed and Estimated Actual Value of Taxable Property (1); Deposits in Banks (2) and Savings and Loans
Last Ten Years

	Real Property		Personal Property	
Year	Assessed Value (3)	Estimated Actual Value (4)	Assessed Value (3)	Estimated Actual Value
2005	N/A	$32,555,617,250	N/A	$6,865,748,493
2004	N/A	32,507,414,940	N/A	7,422,715,130
2003	N/A	30,927,280,890	N/A	8,644,254,200
2002	19,603,804,360	19,603,804,360	7,738,788,430	7,738,788,430
2001	6,448,200,360	19,344,601,080	2,503,371,410	7,510,114,230
2000	6,263,603,330	18,790,809,990	2,443,136,370	7,329,409,110
1999	6,189,776,810	18,569,330,430	2,354,501,972	7,063,505,916
1998	6,025,393,718	18,076,181,154	2,246,326,643	6,738,979,929
1997	6,081,366,760	18,244,100,280	2,179,927,650	6,539,782,950
1996	6,081,370,090	18,244,110,270	2,355,557,110	7,066,671,330

(1) Taxable property was assessed at 33 1/3% of the Estimated Actual Value as per County Auditor's Abstract. In 2002 estimated actual value was 100% of assessed value (true value).
(2) Source: Federal Deposit Insurance Corporation (FDIC).
(3) Per County Auditor's Abstract.
(4) Market Value Assessment began in 2003 as per County Auditor's Abstract

Table VI

Indianapolis Public Transportation Corporation
Property Tax rates — All Overlapping Governments (1) (3)
Last Ten Years

Year	IPTC (2)	City	County	Other Municipal Corps.
2005	$0.0519	$1.1670	$0.4163	$0.1114
2004	0.0285	0.9580	0.4129	0.3157
2003	0.0298	0.9457	0.4564	0.3257
2002	0.0371	1.2254	0.5354	0.3938
2001	0.1113	3.7670	1.4043	1.1730
2000	0.1107	3.7825	1.4038	1.1384
1999	0.1102	3.8294	1.4042	1.1384
1998	0.1098	3.8314	1.4021	1.0891
1997	0.1098	3.8033	1.4179	1.0915
1996	0.1108	3.8054	1.5970	1.0944

(1) Rate per $100 of assessed valuation.
(2) Rate of District 101 (Indpls.-Center. Twnshp.) which rate includes all major service.
(3) Data presented are per the Marion County Auditor's Office.

Table V
Sheet 2

Total		Savings	
Assessed Value (3)	Estimated Actual Value	Bank Deposits	and Loan Deposits
N/A	$37,421,365,743	$14,726,214,000	$2,491,312,000
N/A	39,930,130,370	13,863,000,000	2,532,000,000
N/A	39,571,463,090	13,962,000,000	2,389,000,000
27,342,592,790	27,342,592,790	12,659,000,000	1,273,000,000
8,951,571,770	26,854,715,310	11,520,000,000	2,392,000,000
8,706,739,700	26,120,219,100	10,433,000,000	2,075,000,000
8,544,278,782	25,632,836,346	1,301,000,000	1,903,000,000
8,271,720,361	24,815,161,083	1,277,000,000	1,780,000,000
8,261,294,410	24,783,883,230	9,771,643,000	1,469,224,000
8,436,927,200	25,310,781,600	9,804,723,000	1,498,840,000

Table VI
Sheet 2

School	State	Other	Grand Total (2)
$ 1.6744	$ 0.0024	$ 0.0516	$ 3.4750
1.7827	0.0024	0.0512	3.5510
1.5503	0.0033	0.1428	3.4540
1.9594	0.0033	0.0799	4.2343
5.3913	0.0100	0.7469	12.6038
5.9552	0.0100	0.2756	12.6762
5.8477	0.0100	0.2932	12.6331
5.3888	0.0100	0.3606	12.1918
5.5778	0.0100	0.5409	12.5512
5.5294	0.0100	0.5391	12.6861

Table VII

Indianapolis Public Transportation Corporation
Bonded Debt
December 31, 2005

2005 Full Ad Valorem Tax Valuation (True Value)	$ 37,421,365,743
Indinanpolis Public Transportation Corporation Bonds Payable from Ad Valorem Taxes	$ 15,085,000
Indianapolis Public Transportation Corporation Total Authorized Bonding Level	$ 250,723,000
Ratio of Bonded Debt to Full Ad Valorem Tax Valuation	$ 0.040%

Direct Debt Limitation

The Constitution of the State of Indiana provides that total bonded debt caused to be issued by the Corporation payable by taxation from ad valorem taxes may not exceed 0.67 percent of the assessed valuation of the taxable property within the boundaries of the Corporation.

Table VIII

Indianapolis Public Transportation Corporation
Taxable Valuation and Bonded Direct Debt History
As of December 31,
Last Ten Years

				Net Bonded Debt			
Year Payable	**Net Assessed Valuation (1)**	**Gross Bonded Debt**	**Less Bonded Debt Service Funds**	**Amount**	**Percent (2)**	**Percent (3)**	**$ PER Capital (4)**
2005	$37,421,365,743	$15,085,000	$125	$15,084,875	0.040%	6.02%	19.05
2004	37,317,806,555	15,965,000	20,519	15,944,481	0.043%	6.39%	20.16
2003	39,571,463,090 (5)	16,780,000	99,174	16,680,826	0.042%	6.29%	21.06
2002	26,776,729,672	17,530,000	209,118	17,320,882	0.06%	3.23%	21.87
2001	8,951,884,590	13,240,000	37,892	13,202,108	0.15%	7.37%	16.67
2000	8,706,739,700	13,905,000	68,678	13,836,322	0.16%	7.95%	17.47
1999	8,544,278,782	15,575,000	728,822	14,846,178	0.17%	8.69%	20.01
1998	8,271,720,361	2,030,000	1,047,624	982 376	0.01%	0.59%	1.33
1997	8,261,294,410	2,950,000	774,645	2,175,355	0.03%	1.32%	2.93
1996	8,426,927,200	3,855,000	986,004	2,868,996	0.03%	1.70%	3.87

(1) Prior to 2002 the estimated actual value was three times the assessed value. For 2002 the assessed value approximates true value.
(2) To Net Assessed Valuation
(3) To Direct Debt Limitation (.67% net assessed valuation).
(4) Based on 1990 population of Consolidated City (741,952) for 1990 through 1999 and 2000 population of Consolidated City (791,926) for 2000. Source: U.S. Department of Commerce, Bureau of Census.
(5) Market Value Assessment began in 2003.

Tax Due Dates and Penalties

All taxable property located within the Indianapolis Public Transportation Corporation taxing district is assessed annually each March 1st. In mid-April of the year subsequent to the assessment, individual property tax statements are to be mailed by the Marion County Treasurer to the owners of record of the assessed.

Corporation and other governmental units within the county

If any taxpayer fails to pay the tax installments when due, a penalty of ten (10) percent of the tax due shall be payable thereon. Installments not paid by November 10th of the following year are assessed an additional penalty of five (5) percent of the tax due. Installments not paid on or before May 10th of the next year result in the tax sale of the taxable property, with the delinquent taxpayers subject to the payment of all costs and expenses that may be incurred in the advertisement of such property and the collection of such taxes through any method authorized by the statutes laws of the State of Indiana.

Table IX

Indianapolis Public Transportation Corporation
Schedule of Direct and Overlapping
Bonded Debt and Bonding Limit (In Thousands) (A)
December 31, 2005

DIRECT DEBT	NET ASSESSED VALUATION (6)	%	BOND LIMIT AMOUNT	BONDS OUTSTANDING
Indpls Public Transporation	$ 37,421,366	0.67%	$ 250,723	$ 15,085
City of Indianapolis				
Civil City	$ $36,913,244	0.67%	$ 247,319	$101,111
Consolidated County	39,630,633	(C)	-	-
Park District	39,630,633	(I)	-	28,334
Redevelopment District	36,913,244	(I)	-	34,389
Flood Control District	39,630,633	0.67%	265,525	22,979
Metro Thoroughfare Dist.	39,630,633	1.33%	527,087	65,867
Sanitary District	36,244,321	4%	1,449,773	75,947
Police Special Service	11,900,826	(B)	-	-
Fire Special Service	10,972,757	(B)	-	-
Solid Waste Collect Spec. Service District	36,970,505	(B)	-	-
Solid Waste Disposal District	36,970,505	2%	739,410	(D)
Public Safety Comm	39,630,633	0.67%	265,525	10,015
Total City of Indianapolis			$3,494,640	$338,642
Marion County	$ $39,630,633	0.67%	$265,525	$23,050
Municipal Corporations:				
Airport Authority	$ 39,630,633	0.67%	265,525	-
Health and Hospital	39,630,633	0.67%	265,525	47,570
Cap Improvement Bd	39,630,633	0.67%	265,525	-
Indpls/Marion County Library	38,444,859	0.67%	257,581	90,217
Indpls/Marion Co. Bldg.Authority	39,630,633	(E)	-	38,305
Total Municipal Corporations			$1,054,156	$176,092
School Districts				
Beech Grove	$ $474,892	(J)	$41,898	$39,494
Decatur	1,029,914	(J)	156,244	141,942
Franklin	1,798,203	(J)	198,054	171,485
Indpls. Public Schools	10,515,867	(J)	479,897	311,627
Lawrence	4,937,398	(J)	221,839	142,673
Perry	3,501,833	(J)	203,426	157,764
Pike	5,015,524	(J)	180,460	80,150
Speedway	710,882	(J)	14,218	-
Warren	3056383	(J)	207,503	146,375
Washington	5,332,302	(J)	114,377	22,366
Wayne	3,257,435	(J)	314,510	280,599
Total School Districts	$39,630,633		$2,132,426	$1,494,475

Table IX
Overlapping (continued)

NET ASSESSED DIRECT DEBT	VALUATION	%	BOND LIMIT AMOUNT	BONDS OUTSTANDING
Other Cities and Towns				
Beech Grove	$508,122	0.67%	$3,404	$936
Lawrence	1,441,124	0.67%	$9,656	4,880
Southport	57,262	0.67%	$384	-
Speedway	710,882	0.67%	$4,763	3,675
Total Other Cities & Towns	$2,717,390		$18,207	$9,491
Townships				
Center	$5,547,959	0.67%	$37,171	$-
Decatur	1,034,145	0.67%	$6,929	2,850
Franklin	1,957,513	0.67%	$13,115	2,963
Lawrence	5,381,292	0.67%	$36,055	-
Perry	3,853,447	0.67%	$25,818	1,507
Pike	5,109,143	0.67%	$34,231	1,649
Warren	4,158,056	0.67%	$27,859	3,110
Washington	7,428,477	0.67%	$49,771	-
Wayne	5,160,601	0.67%	$34,576	-
Total Townships	$39,630,633		$265,525	$12,079
Excluded Cities Library Districts				
Beech Grove	$474,892	0.67%	$3,182	$3,848
Speedway	$710,882	0.67%	$4,763	-
Total Exclude Cities Library Districts	$ $1,185,774		$7,945	$3,848
Ben Davis Conservancy	$370,505	(F)	$-	$-
Total Overlapping Debt			$1,858,535	$2,049,712
Total Direct and Overlapping Debt			$1,858,535	$2,049,712

(A) Excludes Revenue Bonds not payable from ad valorem taxes.
(B) No bonding authority.
(C) No bonding authority from ad valorem taxes.
(D) Includes $280 of matured bonds not presented for payment
(E) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
(F) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indian Code 13-3-3-81.
(G) Represents the March 1, 2004 (Marion County Auditor's certified abstract) assessment for taxes due and payable in 2005.
(H) See pages X.
(I) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
(J) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

Table X

Indianapolis Public Transportation Corporation
Ratio of Annual Debt Service (Accrual Basis)
To Total Operating Expense
Last Ten Years

Year	Principal	Interest (2)	Total Debt Service (3)	Total Operating Expenses (1)	Ration of Debt Service To Operating Exp.
2005	$880,000	$1,016,576	$1,896,576	$48,801,459	3.85%
2004	815,000	780,671	1,595,671	45,591,541	3.50%
2003	750,000	823,243	1,573,243	44,362,821	3.55%
2002	710,000	634,129	1,344,129	40,419,296	3.33%
2001	665,000	673,782	1,338,782	42,974,298	3.12%
2000	1,670,000	673,533	2,343,533	41,105,006	5.70%
1999	985,000	511,140	1,496,140	34,295,459	4.36%
1998	920,000	115,481	1,035,481	29,688,861	3.49%
1997	905,000	166,508	1,071,508	29,112,983	3.68%
1996	940,000	214,473	1,154,473	28,450,664	4.06%

(1) Includes depreciation.
(2) Includes amortization of bond discount.
(3) Debt service includes principle and interest payment on bond payable service by the debt service fund.

Table XI

Indianapolis Public Transportation Corporation
Transit Vehicles
December 31, 2005

No. of Vehicles	Year (2)	Manufacturer	Engine Type	Seating Capacity	Standing Capacity	Lift/Kneeling Equipped
Large Bus:						
30	1997	Gillig	Diesel	43	21	30
10	1998	Gillig	Diesel	43	21	10
25	2000	Gillig	Diesel	29	21	25
25	2000	Gillig	Diesel	23	21	25
25	2001	Gillig	Diesel	38	21	25
5	2002	Ebus	Hybrid	22	18	5
24	2002	Gillig	Diesel	38	8	24
2	2004	Gillig	Hybrid	38	8	2
9	2005	Opus	Diesel	31	25	9
155	Total Large Bus					
Body on Chassis:						
3	2001	Ford	Diesel	14	(1)	3
3	2002	Ford	Diesel	14	(1)	3
12	2003	Ford	Diesel	14	(1)	12
33	2004	Ford	Diesel	14	(1)	33
34	2005	Ford	Diesel	14	(1)	34
85	Total Body on Chassis					
240	Vehicles in Total Fleet					

(1) Use exclusively for demand response and flexible service. IPTC policy precludes standees on these vehicles.
(2) Average age of equipment is 4 years.

Table XII

Indianapolis Public Transportation Corporation
Schedule of Property and Liability Insurance Coverage
December 31, 2005

Type of Coverage	Insurance Co.	Policy#	Policy Term
Property Package Policy Blanket Building and Personal Property Business Income and Extra Expense Flood and Earthquake Inland Marine Coverage - Inventory, Fareboxes	Chubb	35798504CIN	1/1/05 - 1/1/06
Public Official Liability	Americal International	640-82-60	1/1/05 - 1/1/06
Fiduciary Liability	National Union	586-55-68	7/1/05 - 7/1/06
Blanket Crime Policy	National Union	003975068	7/1/05 - 7/1/06
General Liability and Automobile Liability - Bodily Injury and Physical Damage	Self Insured	N/A	N/A

Taxable XII
Sheet 2

Limit Any One Occurrence	Deductible	Premium Payment
		Annual
$ 33,239,325	$ 250,000	
$ 1,000,000 - 1,500,000	$ 50,000	
$ 20,000,000	$ 50,000	
$ 4,619,000	$ 5,000, $1,000	
$ 1,000,000	$ 10,000	Annual
$ 1,000,000	$ 10,000	Annual
$ 500,000	$ 5,000	Annual
N/A	N/A	N/A

Table XIII
Sheet 1

Indianapolis Public Transportation Corporation
Statistical Data
Ten Years ended December 31, 2005

	2005	2004	2003	2002
Selected Operating Data				
Operating revenue	7,439,435	8,025,603	6,957,280	6,542,711
Operating expenses before depreciation	41,411,847	38,950,158	38,941,659	35,072,759
Depreciation	7,389,612	6,641,383	5,421,162	5,346,537
Federal assistance	12,151,019	10,190,216	11,051,586	8,994,512
Local operating assistance - unrestricted	24,584,120	22,016,245	21,636,274	19,895,476
Net income (loss) for the year	4,889,276	(1,697,213)	2,883,211	(4,052,581)
Statistical Data				
Annual passengers	8,810,183	9,299,751	11,324,573	10,247,493
Number of routes	28	28	37	37
Annual vehicle miles	9,993,240	10,221,257	11,047,044	10,386,718
Annual vehicle hours	644,795	663,115	712,180	659,007
Number of coaches (1)	240	228	303	262
Number of ADA accessible vehicles	240	228	277	236
Tax rate per $100 net assessed valuation				
Operating	$0.0379	$0.0248	$0.0266	$0.0328
Bond service	$0.0040	$0.0037	$0.0032	$0.0043
Cumulative Fund	$0.0100	N/A	N/A	N/A

(1) Includes emergency reserve fleet and coaches held pending sale.

Table XIII
Sheet 2

2001	2000	1999	1998	1997	1996
7,327,267	7,395,045	7,887,422	7,113,656	7,282,657	7,580,150
37,430,997	36,166,710	29,607,361	25,247,656	24,842,877	25,612,665
5,543,301	4,938,296	4,688,098	4,441,205	4,270,106	2,837,999
7,866,590	9,120,962	6,130,945	4,372,364	1,811,926	1,788,706
19,083,381	18,214,242	15,251,497	14,889,832	14,447,446	14,610,842
(5,261,867)	(3,479,279)	(4,415,045)	(2,631,664)	(4,912,078)	(3,435,323)
10,833,257	11,717,910	11,239,356	10,367,253	9,707,866	9,944,223
37	36	31	31	32	39
10,473,232	9,892,232	9,155,597	8,936,877	8,754,674	8,458,140
661,272	639,366	566,234	577,536	573,353	525,667
212	162	150	150	170	167
134	90	78	57	46	44
$0.0983	$0.0968	$0.0968	$0.0957	$0.0957	$0.0869
$0.0130	$0.0139	$0.0134	$0.0141	$0.0141	$0.0131
N/A	N/A	N/A	N/A	N/A	N/A

Table XIII
Sheet 3

Indianapolis Public Transportation Corporation
Statistical Data
Ten Years ended December 31, 2005

	2005	2004	2003	2002	2001
Number of Employees					
Full Time					
Operators	272	266	288	280	238
Transportation Other (3)	75	79	53	46	66
Maintenance	75	70	72	73	73
Administrative and Other	36	37	38	55	58
Total full-time employees	458	452	451	454	435
Part Time (1)					
Operators	0	0	12	12	11
Other	0	0	0	0	1
Total part-time employees	0	0	12	12	12
Grand Total	458	452	463	466	447
Ridership and Mileage Trends					
Ridership Total	8,810,183	9,299,751	11,324,573	10,247,493	10,833,257
Increase (Decrease) over Previous Year	(489,568)	(2,024,822)	1,077,080	(585,764)	(884,653)
% Increase (Decrease)	(5.3%)	(17.9%)	10.5%	(5.4%)	(7.6%)
Mileage Total (2)	9,993,240	10,221,257	11,047,044	10,386,718	10,473,232
Increase (Decrease) over Previous Year	(228,017)	(825,787)	660,326	(86,514)	581,000
% Increase (Decrease)	(2.2%)	(7.48)	6.36%	(0.8%)	5.9%

(1) Provision for part-time employees became effective on June 1, 1981, under agreement between IPTC and ATU Local 1070.
(2 Includes vehicle miles for both fixed route and paratransit services.
(3) Includes open door operators.

Table XIII
Sheet 4

2000	1999	1998	1997	1996
246	286	253	248	193
74	0	0	0	0
64	66	66	63	59
68	60	61	51	55
452	412	380	362	307
9	10	9	26	22
2	2	4	4	
11	12	11	30	26
463	424	391	392	333
11,717,910	11,239,356	10,367,253	9,707,866	9,944,223
478,554	872,103	659,387	(236,357)	354,629
4.3%	8.4%	6.8%	(2.4%)	3.0%
9,892,232	9,155,597	8,936,877	8,754,674	8,458,140
736,635	218,720	182,203	296,534	667,089
8.1%	2.5%	2.1%	3.5%	8.6%

Table XIV

Indianapolis Public Transportation Corporation
Miscellaneous Statistical Data
December 31, 2005

Year	Average Weekly Service Miles	Miles of Route (Round Trip) For Fixed Route Service	Per Capita Income (Marion Cty) Avaliable (1)
2005	192,178	737	(2)
2004	196,563	772	(2)
2003	212,443	1087	(2)
2002	199,745	902	32,129
2001	201,408	910	31,292
2000	190,235	1,013	30,780
1999	176,069	929	30,685
1998	171,863	932	29,579
1997	168,359	885	26,577
1996	162,656	798	25,470

(1) Data presented are per the U.S. Department of Commerce, Bureau of Economic Analysis.
(2) Data not available.

Other

Date of Incorporation	August 7, 1973
Date of Transit Operations Takeover	January 7, 1975
Form of Management	Appointed Board of Directors
Fares (Single Ride)	$1.25
Service Area - Square Miles (Marion County)	553

Table XV

Indianapolis Public Transportation Corporation
City of Indianapolis - Marion County
Demographic Statistics
December 31, 2005

Income Level of Marion County Households (3)

Year		Under $20,000	$20,000- $34,999	$35,000- $49,999	Over $50,000	Total
2005		(1)	(1)	(1)	(1)	(1)
2004		(1)	(1)	(1)	(1)	(1)
2003	(4)	53,000	53,000	134,000	114,000	354,000
2002		73,000	82,000	65,000	105,000	325,000
2001		70,000	84,000	70,000	131,000	355,000
2000		83,000	80,000	64,000	130,000	357,000
1999		79,969	75,954	62,570	116,106	334,599
1998		84,502	78,490	63,460	107,548	334,000
1997		86,019	79,658	63,593	105,430	334,700
1996		88,537	81,855	63,813	99,895	334,100

Population Trend (2)

Year	Marion County	Consolidated City	MSA
2005	(1)	(1)	(1)
2004	860,454	791,926	1,607,486
2003	860,454	791,926	1,607,486
2002	860,454	791,926	1,607,486
2001	860,454	791,926	1,607,486
2000	860,454	791,926	1,607,486
1999	810,946	748,918	1,536,665
1998	812,662	750,814	1,519,194
1997	814,286	753,242	1,438,681
1996	814,854	746,737	1,504,900

Population by Age (3)

	Percent of Total					
Age	**2000**	**1990**	**1980**	**2000**	**1990**	**1980**
0 to 19	28%	28%	32%	241,000	225,016	244,042
20 to 44	41%	42%	38%	352,000	338,728	290,450
45 to 64	20%	18%	20%	172,000	140,594	151,443
65 and over	11%	12%	10%	95,000	92,821	79,298
	100%	100%	100%	860,000	797,159	765,233

(1) Data not available.
(2 Data presented are per the U.S. Department of Commerce, Bureau of Census.
(3) Source: 1997 Survey of Buying Power, Sales and Marketing Magazine.
(4) Beginning in 2003 Income levels were under $15,000, $15,000 to $24,999, $25,000 to $49,000 and over $50,000.

Table XVI

Indianapolis Public Transportation Corporation
City of Indianapolis - Marion County
Principal Taxpayers and Employers
December 31, 2005

	Principal Taxpayers	Type of Business	2005 Net Assessed Valuation (A)		2005 Employees
1	Eli Lilly and Company	Manufacturing - Pharmaceuticals	$ 962,470	(C)	14,000
2	South Western Bell	Utility	395,354	(C)	3,500
3	General Motors	Manufacturing- Automotive	383,445	(C)	6,000
4	Indianapolis Power and Light	Utility	355,511		2,000
5	St. Vincent Hospitals	Hospitals	278,463	(C)	6,000
6	Simon Property	Real Estate	244,214		929
7	Clarian Health Partners	Hospitals	219,654	(C)	7,500
8	International Truck and Engine	Manufacturing - Automotive	185,425	(C)	3,200
9	Citizens Gas & Coke Utility	Utility	183,662		1,134
10	Federal Express Corp	Shipping	153,801	(C)	6,311
11	Visteon Corporation	Manufacturing - Automotive	141,448		2,400
12	American United Life Insurance Co.	Insurance	120,204		1,285
13	Dugan Realty, LLC	Real Estate	112,277	(C)	N/A
14	Kroger	Retail - Grocery	105,218		2,530
15	Rolls-Royce	Manufacturing - Automotive	101,861	(C)	4,500
16	Roche Diagnostics Corp.	Manufacturing - Pharmaceuticals	93,107		2,323
17	Marsh Supermarkets, Inc.	Retail - Grocery	91,517		
18	Wellpoint Inc. (Anthem Inc)	Insurance	18,466	(C)	3,000
19	Chase Bank	Banking	N/A		2,500

(A) Represents the March 1, 2004 valuations for taxes due and payable in 2005 and represented by the taxpayer. The principal taxpayer are located in different taxing districts, therefore percentage of total asssessed valuation is not applicable. Amounts in thousands.

(B) As of December 31, 2005.

(C) Net Assessed Valuation was determined using public records from the Marion County Treasuer's Office.

Celebrating 33 years of service with IPTC

The Indianapolis Public Transportation Corporation (IPTC) proudly salutes Fred L. Armstrong for 33 years of service. As IPTC's outgoing Controller, Armstrong has remained a driving force behind the transit agency's day-to-day operations.

Known locally and nationally as a leader in financial reporting, Armstrong has been at the helm of major economic development initiatives over the past 44 years. Following his love of numbers and keen sense of memory, he began his career in real estate and accounting. In 1962, he accepted the position of Deputy Auditor for Marion County, which resulted in Armstrong being promoted to Chief Deputy Auditor. Years later, he also served in dual capacities for the City of Indianapolis as the Controller and Director of Administration.

When the City of Indianapolis moved public transportation into the public sector, Armstrong's financial and business expertise led the way for the newly created IPTC. He assumed the role of Controller on August 7, 1973. As one of IPTC's founders, Armstrong helped build the transit agency that now offers more than 8 million passenger trips annually. He laid the groundwork for policies and procedures while pushing for a dedicated source of public transportation funding.

"For many years, Fred has devoted his time and expertise to making our city a better place to call home," said Gilbert Holmes, CEO and President. "Through his efforts, we now have a strong blueprint to build upon while maintaining a high level of financial accountability. We wish him the very best in his future endeavors and remain grateful for his contributions."

When asked about his retirement plans, Armstrong looks forward to once again tapping into the real estate sector and traveling around the world.

"I've been dedicated to (public transportation), and when you are dedicated you stay with it," said Armstrong, looking back over his career. "You serve people as long as they need it. I am going to do something."

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Moving Ahead

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