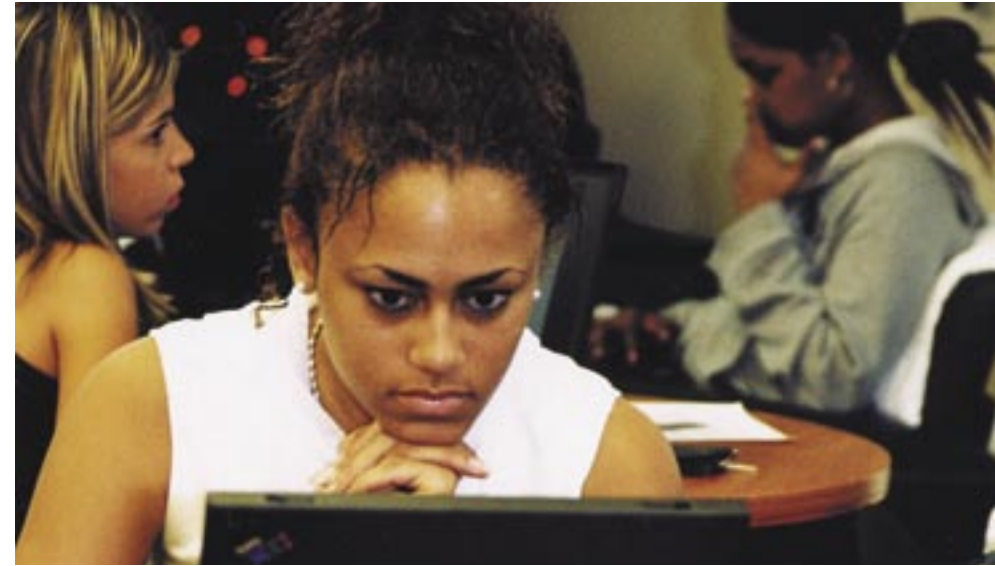




Building
Futures

New Jersey Educational Facilities Authority
2003 Annual Report



366,298 students



350 transactions
\$6.5 billion in bonds



54 institutions
of higher education



PHOTOS
(Clockwise from top left):
Centenary College
Drew University
Montclair State University
Drew University
Princeton Theological Seminary



2003 Annual Report



Table of Contents

Message from the Governor	2
To the Governor & Legislature	3
2003 Overview	4
Continuing Investment	6
Advancing Knowledge	8
Improving Client Services	10
2003 Project Summaries	12
Board of Directors	20
About the NJEFA	21
NJEFA Financial Management	22
Historical Review of NJEFA Financings	23
Financial Statements	31



PHOTOS
(clockwise
from top left):

Rowan University
Princeton University
Georgian Court
University
New Jersey City
University
Kean University





Photo: T. R. Sundstrom, NJ Department of Treasury



Governor James E. McGreevey

Message from the Governor

Thank you for your support and commitment to higher education and the work of the New Jersey Educational Facilities Authority.

The citizens of our State depend upon our public and private colleges and universities, our county colleges, and our specialized post-graduate schools to train and prepare each new generation of New Jerseyans with the necessary tools to compete and succeed in the new economy.

Since its inception 36 years ago, the New Jersey Educational Facilities Authority has played an essential role in our State's commitment to higher education, providing significant financing assistance to both public and private colleges and universities. The Authority continued this success in 2003, completing 18 bond transactions that provide an investment of nearly \$641 million in our higher education system. The NJEFA also provided increased technical assistance for our institutions, sponsored continuing education opportunities, and pursued expanded and improved financial services to benefit New Jersey's higher education community.

As Governor, I congratulate NJEFA's Chair Vivian Altman and Executive Director Roger Anderson for their outstanding leadership and direction. I also commend New Jersey's institutions of higher education for their sound fiscal management, their commitment to excellence, and their foresight to take the actions needed to ensure that New Jersey has a world-class system of higher education.

New Jersey is a state rich in ethnic diversity and heritage. Our higher education system embraces our diversity and offers opportunity for virtually every facet of our citizenry. New Jersey's institutions of higher learning have great historic breadth. Many have a major urban presence that contributes to the vitality of our cities. There are others whose hallmarks are the close-

knit accessibility and sense of community of small schools, and several offer the expansive educational opportunities of great universities.

Collectively, our colleges and universities represent a cross-generational investment – one that returns dividends through a talented, experienced workforce that improves the quality of life of the people of New Jersey, keeps our State at the forefront of scientific research and advancement, and promotes and preserves history, culture and community.

With the support of the NJEFA, public and private colleges and universities across the State are investing in buildings that will accommodate growth in student populations and support state-of-the-art science, research and laboratory facilities that will help New Jersey maintain our leadership in research and development.

We have an historic commitment to higher education in New Jersey that precedes the founding of our nation and continues today stronger than ever. The State of New Jersey sustains this commitment in many ways. One of the foremost ways is the work of the New Jersey Educational Facilities Authority. That is why I am pleased to accept the NJEFA's 2003 Annual Report.

Gov. James E. McGreevey



Vivian Altman, NJEFA Chair



Roger Anderson, NJEFA Executive Director

To the Governor & Members of the Legislature,

For 36 years, the mission of the New Jersey Educational Facilities Authority has been to provide low-cost financing of campus facilities at New Jersey’s public and private colleges and universities through the tax-exempt capital markets.

All of the Authority’s activities are aimed at helping our clients provide world-class higher education. We are pleased to present the Annual Report of the NJEFA for 2003. The following pages provide detail on the year’s activities and describe our many efforts to contribute to the expansion and improvement of college and university facilities throughout New Jersey.

First, during 2003 we completed 18 bond transactions totaling nearly \$641 million. Sixteen of these issues provided financing for 11 of New Jersey’s colleges and universities. The other two transactions were financings under state-supported programs, the Dormitory Safety Trust Fund Program and the Equipment Leasing Fund Program. These programs provided funds to a combined total of 22 institutions.

Our clients used this capital to invest in technology infrastructures and new academic buildings. They also built and improved laboratories, libraries, dormitories, student activity centers, and recreational and parking facilities, all of which are necessary for them to provide the physical platform from which they deliver superior higher education. These facilities will help assure that our colleges and universities remain competitive. They are also essential to the State’s efforts to accommodate rapidly growing student populations and to transform campuses so that our institutions are able to provide state-of-the-art learning experiences reflective of a changing and technology driven world.

Second, when the financial markets presented opportunities in 2003, NJEFA aggressively pursued bond refinancings and other restructuring activities to take advantage of lower interest rates. These activities saved participating institutions hundreds of thousands and, in some cases, millions of dollars in interest costs.

Third, we made improvements in operational efficiencies and

implemented new initiatives aimed at transforming the Authority into a more valuable resource for its clients and colleagues, and to its investors. Chief among these new initiatives were on-site NJEFA Board meetings at campuses around the State, sponsorship of continuing education opportunities in the field of higher education public finance and the introduction of an investor relations program. These efforts enhance the primary financing mission of the Authority. They have also broadened our perspective, and we believe they have fostered an increased level of confidence in the financial services we provide.

None of the Authority’s successes during 2003, however, would have been possible without the efforts of our dedicated, highly skilled staff. To our talented and resourceful staff, which continually strives to improve service to our clients and to the public, we owe a debt of gratitude and admiration for always surpassing our expectations and setting a nation-wide standard for accomplishment.

NJEFA has a long and proud history of contribution to higher education in our State. In all its 36 years, the Authority has never experienced a default, and has always strived to improve its financial services and to help its clients understand and navigate the complex and rapidly changing capital markets. The pages of this report will not only highlight the year’s accomplishments, but will also provide some insight into the national treasures that are New Jersey’s college and university campuses and NJEFA’s role in their preservation and advancement.

Vivian Altman, Chair
Roger Anderson, Executive Director



2003 Overview



PHOTOS
(clockwise from top left):

- Drew University
- Rowan University
- Ramapo College of New Jersey
- Georgian Court University
- New Jersey City University
- Princeton University





Rowan University



Drew University: Dorothy Young Center for the Arts

New Jersey Educational Facilities Authority: Meeting the Challenge

New Jersey is second in the nation in the percentage of its high school students who pursue higher education. This fact confirms something important that we know anecdotally and from public opinion surveys about New Jerseyans.

We regard higher education as vitally important to the quality of life of our citizenry and to the continued economic health and prosperity of our State. We also place a high value on making sure that college, university, graduate and graduate professional education remains affordable and accessible to as many people as possible.

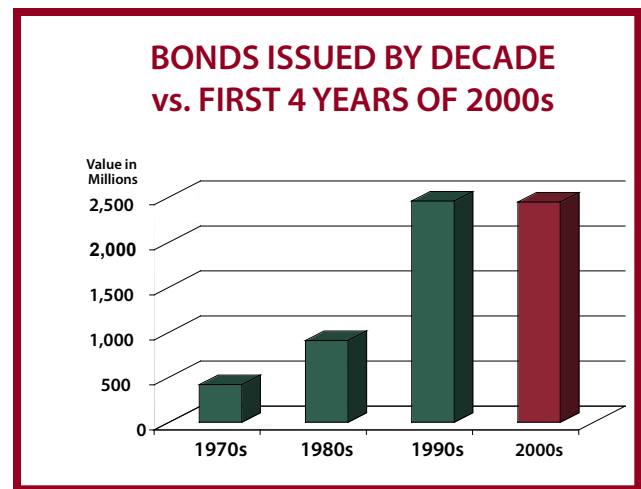
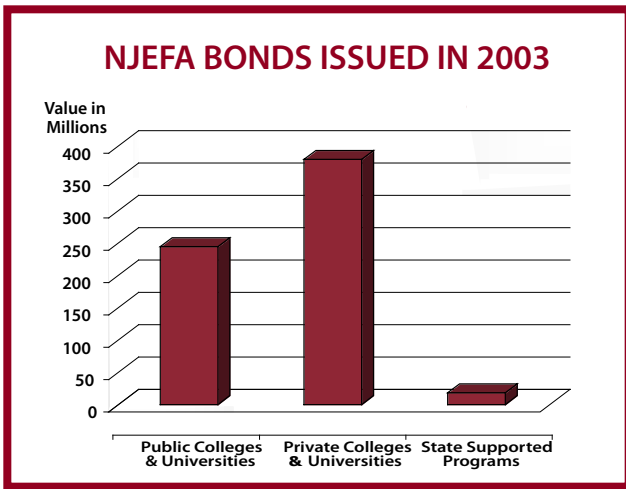
Our State established the New Jersey Educational Facilities Authority (NJEFA) to assist New Jersey's public and private institutions of higher learning make investments in campus facilities and equipment on the soundest financial basis and at the lowest cost of capital. The more costs can be contained, the more affordable, available and accessible higher education can be for all.

NJEFA was created in 1968 to provide colleges and universities in New Jersey with low-cost financing for campus improvement and expansion through access to the tax-exempt capital markets. At the time of NJEFA's creation, the Legislature declared in the preamble of the enabling statute, "That a serious public emergency exists affecting and threatening the welfare ... and prosperity of the people of the State ... from the fact that financial resources are lacking with which to construct required dormitory and other educational facilities at public and private institutions of higher education." This declaration is as true now as it was in 1968 and with today's rapidly increasing student

populations and insufficient facilities to meet the demands of such growth, the need for the Authority's resources is more crucial than ever before.

NJEFA is pleased to report that 2003, its 36th year of providing financial services, was marked by substantial achievement and progress on behalf of New Jersey's higher education community. NJEFA's accomplishments during 2003 were realized in three major areas: 1) continued investment in New Jersey's public and private colleges and universities; 2) advanced continuing education programs for NJEFA clients and colleagues, and 3) improved operational efficiencies and client services.

The first area encompasses activities of the Authority that fulfill its historic role as a financing agent for its client institutions. The second area – advanced continuing education – arose because the Authority recognized that, in order to fulfill its first goal of providing clients with the most advantageous financing available, it needed to help its clients understand the rapidly changing world of public finance and the global capital markets. The third area of activity – improved operational efficiencies and client services – represents NJEFA's ongoing commitment to pursue creativity and quality in the services it provides to the State's institutions and to the public and to continue to try to save its clients money even after a bond issue closes.



Continuing Investment: 2003 Investment in Higher Education

Since its inception through 2003, NJEFA has completed 350 transactions for a total of more than \$6.5 billion in bonds issued. In 2003, the Authority issued \$641 million in bonds, representing nearly 10 percent of all financings accomplished by the NJEFA since 1968.

In 2003, the Authority issued \$641 million in bonds, representing nearly 10 percent of all financings accomplished by the NJEFA since 1968. The Authority completed 18 transactions in 2003. Included in these transactions was the completion of two state-backed financing programs that share resources across a large sector of the higher education community in New Jersey. Moreover, during 2003 the Authority maintained an extraordinary and enviable record among financial institutions and debt issuers: In 36 years, the NJEFA has never had a default.

Of the total \$641 million issued during the year, \$623 million came through stand-alone institutional transactions on behalf of 11 colleges and universities – 6 private and 5 public institutions. These transactions generated bond proceeds of \$373 million for new capital projects, facility renovations or deferred capital maintenance projects. Among major projects financed with NJEFA bonds in 2003 are:

- Four new students residences
- Two new student recreational facilities and five substantial renovation projects to student life facilities
- Seven new academic facilities
- Substantial renovation of seven other academic facilities

- One new performing arts center
- Two major parking facilities.

The transactions also included \$268 million in refunding bonds that helped six institutions achieve \$6.8 million in combined net present value savings. The year's transactions included final financings under two state-backed bond programs under which the State pays all or a portion of the debt service on the bonds. Under these programs, NJEFA issued the final \$5.4 million in bonds under the New Jersey Dormitory Safety Trust Fund Program, completing a \$90 million program adopted by the State in response to the tragic Seton Hall University dormitory fire in 1999. This program helped to pay for the installation of fire safety systems in all residence halls at New Jersey colleges, universities, secondary boarding schools and military academies. Similarly, the Authority issued its final \$12.6 million in Higher Education Equipment Leasing Fund bonds, a state-backed financial pool to help New Jersey institutions of higher education acquire and install computer and other high technology equipment and facilities.

A further examination of the numbers shows that of the total \$641 million in bonds issued by the Authority in 2003, \$257 million was issued on behalf of public institutions and \$384 million benefited private institutions. Addi-



Centenary College: Bennett-Smith Hall Rendering



New Jersey City University: Visual Arts Building Rendering

tionally, \$465 million of this debt was issued at fixed rates, while \$176 million was issued in variable rate modes.

NJEFA bond issuance during 2003 was the second highest ever, following 2002 when a record \$902 million in transactions was completed. Since the beginning of 2001, the Authority has issued nearly \$2.1 billion in bonds – almost one-third of the total bonds it has ever issued. This activity reflects the overall capital facility needs at New Jersey’s college and university campuses. A recent survey by the New Jersey Commission on Higher Education places just the long-term deferred maintenance needs at the State’s colleges and universities at \$450 million while it estimates the capital and equipment needs of the State’s institutions at \$600 million. According to the Commission’s survey, both needs fall within total academic and administra-

NJEFA bond issuance during 2003 was the second highest ever, following 2002 when a record \$902 million in transactions was completed. Since the beginning of 2001, the Authority has issued nearly \$2.1 billion in bonds . . .

tive capital needs totaling almost \$6 billion through the end of the decade.

In 2003, NJEFA and its client institutions again continued to take advantage of the historically low interest rate environment in the capital markets. However, low interest rates alone did not produce the record activity achieved in the three-year period through 2003. Three other key factors driving new investment in higher education in New Jersey are (1) dramatically growing students populations that are projected to continue to increase through the current decade, (2) aging buildings and facilities that are at capacity and in significant need of improvement and modernization, and (3) the need for facilities that reflect and accommodate new ways of teaching and learning in a technologically driven world.



Drew University: Rose Memorial Library



The College of New Jersey: Social Science Building

Advancing Knowledge: Continuing Education and Program Outreach for Clients

In 2003, NJEFA hosted the second in a series of continuing education programs for its higher education clients and public finance colleagues.

More than 100 people including over 60 representatives of its client institutions attended the daylong seminar entitled “Derivatives 301 – Front and Back Office Management”. Derivatives are complex financial instruments that require understanding of their risks and benefits in order to make informed decisions about their use as financing tools.

In a joint conference welcome letter, NJEFA Chair Vivian Altman and Executive Director Roger L. Anderson noted, “Derivative products are among the fastest growing sectors of the financial markets today. While these products have attractive benefits, they also pose a number of risk management challenges – from transaction structuring to back office management.” NJEFA planned its Derivatives Conference with the goal of helping its clients and colleagues begin the process of understanding the range of benefits and challenges of these sophisticated and complex products.

Topics addressed included an explanation of what derivatives are, risk management in the derivatives market, and legal and accounting issues associated with derivatives. Participants included financial industry experts, public finance attorneys, accountants, and representatives of New Jersey institutions that have experience in setting up back office accounting support required for successful

post-closing management of derivative transactions.

The emphasis on continuing education in derivatives was reflected elsewhere during 2003 as NJEFA initiated numerous meetings with the staff and the Boards of Trustees of client institutions. The goal of these meetings is to establish ongoing dialogue with those responsible for institutional financial management about the risks and rewards of derivatives and other financing structures in order to contribute to informed decision making regarding financing capital facilities.

NJEFA also went to school in a literal sense to inform itself better about its clients. The NJEFA inaugurated an on-campus board meeting initiative by which the NJEFA’s Board periodically holds its meetings on college campuses in order to give Board and staff an opportunity to learn about the campuses of the State’s institutions and see firsthand the facilities financed by the Authority through the decades. It also gives the institutions an opportunity to showcase both their campuses and their long term needs for facility improvement and expansion.

The Board inaugurated its on-campus program with meetings at The College of New Jersey and Drew University. At The College of New Jersey (TCNJ), the Authority visited a school established nearly 150 years ago and first located in Trenton as the New Jersey State Normal



Drew University: Brothers College

School serving as a training institute for teachers. It was the first such teachers' school in New Jersey and the ninth in the entire nation. In 1925, TCNJ became a teachers college with its first four-year baccalaureate degree program, precipitating relocation to a 210-acre tract in Ewing Township, site of its contemporary campus. Postgraduate studies began in 1947 and the Higher Education Act of 1966 made it possible for the school to diversify and expand degree programs well beyond the field of education. Today, TCNJ offers more than 50 liberal arts and professional programs in seven schools.

In 1958 the Legislature renamed the school Trenton State College, and in 1996 it took its current name. Today, TCNJ serves approximately 6,000 undergraduates including 5,600 fulltime students. It also serves 850 graduate students and has an estimated 325 full-time faculty members. The campus spreads across 289 acres in Ewing Township and includes 38 buildings.

Since 1969, NJEFA has completed 17 stand-alone bond issues for TCNJ totaling \$598.6 million in bonds sold, of which \$365 million funded new capital projects. The remaining \$234 million is the cumulative amount of five refundings that produced net present value savings of \$9.2 million. The College has also realized \$38 million in financing from six NJEFA bond issues under State-backed programs. Among TCNJ facilities financed through Au-



The College of New Jersey: Paul Loser Hall

thority bonds are the Science Complex, parking decks, the Pennington Road Apartments, the Green Lane Playing fields, the Art Building, and the Brower Student Center Expansion and Event Center.

At Drew University, NJEFA Board and staff learned that the University was founded in 1867 and that, in 2003, its enrollment was 2,521, including 1,535 fulltime undergraduates, 284 fulltime graduate students and 195 students in its School of Theology. Today, students are taught by 147 full-time faculty, including its President, former New Jersey Governor Thomas H. Kean. NJEFA's Board and staff toured Drew's 200-acre campus in Madison on which the University owns and maintains 45 buildings.

Since 1980, NJEFA's financings for Drew have totaled \$113.7 million in direct transactions, including \$64.4 million for capital projects, and \$49.4 million in three refinancing transactions that provided \$1.5 million in net present value savings to the University. An additional \$13.3 million in bonds has been issued on behalf of Drew under State-supported programs. Drew University projects financed with NJEFA bonds include the Rose Memorial Library, the William E. and Carol A. Simon Fitness and Athletic Center, Riker and Rose Halls, the Hall of Science, and the Brothers College Clock Tower – a campus landmark.



Rowan University: Campbell Library



Princeton Theological Seminary: Garage Construction

Improving Client Services: 2003 Improvements in Operational Efficiencies and Client Services

In the realm of improved operational efficiencies and client services, NJEFA implemented initiatives in 2003 which included escrow restructurings for two institutions, inauguration of a comprehensive investor relations program, automation of its bond fund accounting and investment management functions, and launching of the Authority's new web site.

The escrow restructurings, implemented on behalf of Rowan University and Princeton Theological Seminary, resulted in cash payments of nearly \$450,000 to Rowan and \$225,404 to the Seminary in recaptured negative arbitrage. The Rowan escrow restructuring is a good example of these transactions. In 2001, the University advance refunded two series of bonds it issued in 1993 and 1996. The proceeds of the refunding bonds were deposited into an escrow fund, which was invested in U.S. State and Local Government Series (SLGS) securities that would mature in amounts and on dates sufficient to redeem the old bonds on their redemption dates. Because of market conditions in 2001, the average interest rate on the SLGS was less than the maximum allowed by tax law, creating negative arbitrage. The NJEFA and its derivatives consultant were able to restructure the escrow fund to recoup the negative arbitrage. By identifying appropriate market opportunities, we were able to sell the original SLGS and re-subscribe for new SLGS with higher interest rates. Within two months, we were able to bring the interest rate on the escrow up to the allowable limit and recapture the negative arbitrage. Rowan gained nearly \$450,000 and

the restructuring raised the yield in the escrow nearly 25 basis points.

These escrow restructurings are just a few examples of the Authority's efforts during the year to provide value to its clients – even after transactions have closed. Others included aggressive monitoring of the market for refunding opportunities, review and modification of investment strategies for construction funds and reserve accounts leading to higher earnings for clients, and monitoring various available money market funds for greater investment yields.

In an effort to expand interest in NJEFA higher education bonds, the Authority also developed and introduced an Investors Relations Program in 2003. Though still in its formative stages, the key objective of this program is to increase awareness among potential investors of the Authority's presence in the capital markets and to expand competition for higher education bonds in New Jersey. As this program develops, NJEFA hopes to broaden its ability to serve as a valuable resource for the investor community so that New Jersey's colleges and universities benefit from an informed and competitive marketplace when it is their turn to access the capital markets.



Georgian Court University: The Mansion



Princeton Theological Seminary: Dining Hall

As NJEFA sought throughout the year to improve client services and implement operational efficiencies, it also saw the successful completion of a five-year project to automate and integrate its unique bond fund accounting and investment management functions. From the outset, the goal of this multi-phase project was to convert existing manual and antiquated processes into an automated and integrated system of accounting functions required for the Authority's extensive network of accounts. These accounts contain in excess of \$1 billion and comprise over 1,100 investment records held by trustees to benefit NJEFA's college and university borrowers and investors. Developed and implemented entirely by the Authority's accounting staff, the project culminated in the implementation of an investment management and reporting module; creation of a bond fund general ledger accounting and reporting module; integration of the two modules and automation of the Authority's year-end closing process and annual opening

. . . the key objective of this program is to increase awareness among potential investors of the Authority's presence in the capital markets and to expand competition for higher education bonds in New Jersey

of the new year's books. What once entailed significant staff time and external accounting expenses now provides NJEFA with the tools and technology to complete its year-end auditing functions in record time with minimal errors and operational cost savings of over \$20,000 per year.

Finally, during 2003 NJEFA launched its first-ever web site, www.njefa.com. Its new site provides easily accessible, useful and current information about the Authority. The site provides the Agency's annual reports, newsletters, audits and information on its current and future transactions. In furthering the Authority's goal of becoming a valuable source of information for its clients and investors, the site also includes general information concerning outstanding debt related to NJEFA bonds for each of its client institutions, as well as direct links to college and university websites, links to financial printers for current Preliminary Official Statement postings and direct links to continuing disclosure repositories.

NJEFA Project Summaries for Financings in 2003



Princeton Theological Seminary: Parking Garage

PRINCETON THEOLOGICAL SEMINARY 2002 Series G

NJEFA closed its first bond issue of 2003 in January on behalf of Princeton Theological Seminary in the amount of \$26,125,000 to provide funding for new capital projects and to advanced refund outstanding bonds from the Seminary's 1996 Series B issue. Among new capital projects included in this financing was the construction of a new 3-story parking garage (shown above) with an estimated 286 parking spaces to be located on the Seminary's main campus in Princeton. The issue also financed other miscellaneous construction, renovation, improvement, and equipment acquisition projects at various facilities throughout the Seminary's Princeton and West Windsor campuses.

This transaction advanced refunded \$16,210,000 from the Seminary's 1996 Series B Issue, which provided \$345,010 in net present value savings to the Seminary.



Princeton Theological Seminary: Speer Library



Centenary College: Bennett-Smith Residence Hall & Parking Lot

CENTENARY COLLEGE 2003 Series A

In January, NJEFA issued \$14,775,000 in par amount of bonds on behalf of Centenary College. Bond proceeds were used by the College to finance several new capital projects and to restructure approximately \$5.3 million in outstanding bonds under the College's 2000 Series F issue in order to relieve the College from certain onerous covenants. Among new capital projects financed through this issue was the construction of a new 42,500 square foot, 3-story residence hall on the College's main Hackettstown campus. The residence hall (shown above) will accommodate 31 apartment units each consisting of four bedrooms, two bathrooms, a kitchen/dining area, and a living room. Each apartment will be fully furnished and will have computer and cable access in the bedrooms and common areas.

Other projects financed through this transaction include site improvements for the new residence hall and construction of approximately 107 new parking spaces, sidewalks, landscaping and lighting installations. The transaction also helped to finance the purchase of laptop computers for the College.



Centenary College: Laptop computers

NJEFA Project Summaries for Financings in 2003



Ramapo College: Phase VII Apartment Residence

RAMAPO COLLEGE Series 2003 F & G

In May, NJEFA closed two current refunding transactions on behalf of Ramapo College of New Jersey. The two refundings provided the College with combined net present value savings of \$781,757.

The Series 2003 F Bonds were issued in the amount of \$1,820,000 and provided for the current refunding of the College's outstanding Series 1993 D Bonds. The Series 1993 D Bonds had previously refunded the Series 1988 C Bonds, the proceeds of which were originally issued to finance a campus life facility at the College.

The Series 2003 G Bonds, issued in the amount of \$9,300,000, provided for the current refunding of the College's Series 1993 E Bonds. The Series 1993 E Bonds had previously refunded the Series 1988 B Bonds that originally helped the College to finance a dormitory facility.



Ramapo College: Berrie Center for the Arts



New Jersey City University: Visual Arts Building Rendering

NEW JERSEY CITY UNIVERSITY Series 2003 A & B

NJEFA closed two bond transactions in May on behalf of New Jersey City University to finance new capital projects and to provide for the current refunding of outstanding bonds under the University's Series 1993 H issue. The Series 2003 A bonds, in the amount of \$47,850,000, were issued to provide financing of several major projects including: construction of a new College of Arts and Sciences Tower, elevator replacement at Hepburn Hall, and renovation of an existing University building to provide classroom space for evening students as well as space to sub-lease to a new Academy Charter High School. New projects also included fire sprinkler installation in various buildings, renovations to the University's Information Technology Services Department, Science Hall Lab and Student Union Building, equipment purchase for the University's new Visual Arts Building (shown above) and expansion of an existing parking facility to add 100 new spaces.

The Series 2003 B issue was a taxable issue that financed the renovation of an existing facility to accommodate a newly established Business Incubator program.

The new College of Arts and Sciences Tower will address the growing needs of the School of Arts and Sciences with state-of-the-art technology in 14 classrooms and 10 computer labs. The six-story, 77,000 square foot structure will also house the offices of 9 academic departments and the offices of the College's Dean. Scheduled for completion by Spring of 2005, this project was designed by renowned architect Michael Graves.

NJEFA Project Summaries for Financings in 2003



Montclair State University: Alexander Kasser Theater Rendering

MONTCLAIR STATE UNIVERSITY Series 2003 E

In May, NJEFA issued its Series 2003 E Bonds in the amount of \$23,425,000 on behalf of Montclair State University. The transaction provided financing for the construction and equipping of the University's new performing arts theater (shown above) to be known as Alexander Kasser Theater.

The Theater will be located at the south end of campus and once completed, will be a four-story, 55,000 square-foot structure that will accommodate seating for approximately 500 people and will host theatrical, musical, dance, and orchestral concerts and productions. Completion of this facility will help the University meet the demands of its growing performing arts programs.



Montclair State University: Alexander Kasser Theater Rendering



Drew University: Mead Hall

DREW UNIVERSITY 2003 Series C

NJEFA issued \$20,855,000 in bonds during the month of May on behalf of Drew University. The University used the proceeds of this issue to finance a number of deferred maintenance projects at several of its existing campus buildings and facilities. Deferred maintenance projects included the replacement of antiquated power distribution equipment, and replacement of deteriorated mechanical, plumbing, electrical and building envelope components. Bond proceeds from this issue were also used to update University facilities for compliance with the American Disabilities Act.



Drew University: Bowne Memorial Gateway

NJEFA Project Summaries for Financings in 2003



Princeton University: Engineering Building



Princeton University: Helm Hall

PRINCETON UNIVERSITY 2003 Series D, E & F

NJEFA completed 3 separate financings during 2003 for Princeton University. The combined total of these transactions was \$302,005,000 in par amount bonds which, were issued to help the University finance new capital projects and to refund a portion of outstanding debt.

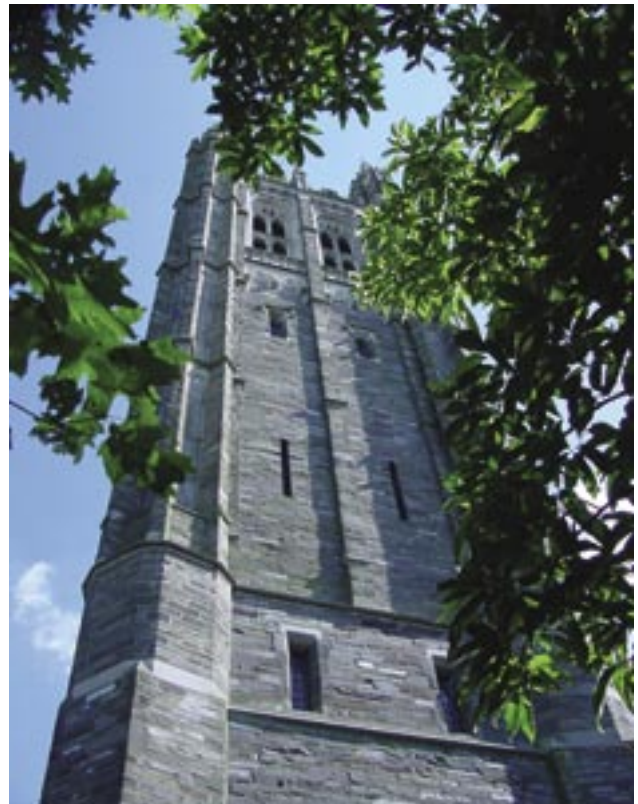
The 2003 Series E Bonds were sold in the amount of \$112,510,000 to provide for the permanent financing of outstanding Princeton University Commercial Paper Notes Series 1997 A, 1999 A, 1999 B, 2001 A, 2002 A, and 2002 B.

The 2003 Series F Bonds were issued in the amount of \$75,000,000 to help the University finance or refinance major maintenance of various facilities; renovations of several buildings for extensive reconstruction; and purchase of capital equipment for academic departments and administrative and supporting units. Major maintenance projects include repair and replacement of utility systems, electricity and water and sewer systems. They also include energy conservation projects, plant preservation projects, repair and replacement of University roads and parking lots, code conformance projects and building improvement projects designed to adapt existing facilities for new uses.

Renovation projects financed through this issue largely include dormitories that comprise a multi-year program of extensive reconstruction to bring the buildings up to all current code requirements and functionality standards. The University expects to spend approximately \$49 million on

such projects between February 2003 and July 2005.

Lastly, the 2003 Series D Bonds, were issued in the amount of \$114,495,000 and provided for various advance refundings which included outstanding debt under the following issues: 1994 Series A, 1995 Series C, 1996 Series C, 1997 Series E, 1998 Series F, 1999 Series B, 2000 Series E, and 2000 Series H. This transaction provided the University with net present value savings of \$5,434,716.



Princeton University: Holder Hall

NJEFA Project Summaries for Financings in 2003



Georgian Court University: Residence Hall

GEORGIAN COURT UNIVERSITY 2003 Series Project C

In August, NJEFA issued \$15,215,000 in bonds on behalf of Georgian Court University to help finance among other projects, the construction of a new residence complex. Construction of this residence complex marks the beginning of a renaissance of improvements on campus to meet future needs and expansion, and includes a 36,000 square foot facility for approximately 80 students and a separate residence hall for visiting faculty and staff. The buildings (shown in rendering below) are designed to complement the existing Georgian style architecture of the campus and will accommodate the University's growing student resident population as well as space for upper-class students in the women's day division.

NJEFA's 2003 Series C Bonds also helped to finance a portion of the renovation of the University's arts and sciences building including construction of a new science wing, and renovation of a student lounge within the University's library. Both the library and the student lounge are campus amenities that were originally financed through Authority bonds issued in 1991.



Georgian Court University: Residence Hall



Rowan University: Triad Apartment Complex

ROWAN UNIVERSITY Series 2003 I, J, & K

The NJEFA sold three series of bonds on behalf of Rowan University in 2003 with a combined total par amount of \$84,165,000 to finance new capital projects and to provide a refunding on a portion of the University's outstanding debt.

The Series 2003 I and Series K Bonds were issued in the amount of \$64,910,000 and \$14,700,000 respectively, and helped the University to finance several projects including the acquisition of 160 acres of land for future educational facilities; a new Administrative Computer System; and several renovation and new construction projects. Among the renovation projects is the conversion of its existing 21,500 sq. ft. Triad Building (shown above) from institutional office space into University student housing, and conversion of the 30,000 sq. ft. vacant Academy Street Elementary School into flexible institutional office space. NJEFA bonds also helped to finance construction of a new 134,000 sq. ft. education building to house the University's College of Education, and construction of new, student apartment housing to accommodate approximately 460 students.

The Series 2003 J Bonds were sold in the amount of \$4,555,000 as a fixed-rate current refunding of the Authority's outstanding Series 1993 B and Series 1993 C Bonds issued on behalf of Rowan University. This financing provided the University with net present value savings of \$216,915.

NJEFA Project Summaries for Financings in 2003



Kean University: D'Angola Gymnasium Rendering



Kean University: Academic Building

KEAN UNIVERSITY Series 2003 D

NJEFA completed a \$75,000,000 bond financing in September on behalf of Kean University. The issue helped the University to finance several large capital projects including construction of a new Wellness and Fitness Center, renovation of D'Angola Gymnasium and Kean Hall, and demolition and reconstruction of a new academic building.

Once completed, the Wellness and Fitness Center will be a 3-level, 90,000 square foot facility that will feature among its amenities a 3,000 seat spectator basketball and sporting arena. It will include 3 multi-purpose basketball courts, a 3,000-square foot fitness facility, a three-lane jogging track, a specially designed climbing wall, Athletic Department offices and ancillary facilities including an athletic computer lab, box office, press box and film deck.

The D'Angola Gymnasium (shown above left) renovation project includes a new mezzanine level for faculty offices and ground level space for physical education programs. In total, the gym will house over eight classrooms and five laboratories for the physical education and recreation department. It will also include several fitness centers, dance studios, locker rooms, activity areas, a weight room, laundry facilities, and athletic training and rehabilitation centers.

The Kean Hall renovation project (shown at right) will provide needed conference and meeting space and once complete will accommodate the Admissions

Office and One Stop Service Center. Renovations to the South Wing will provide space to house the President's office and Administration staff.

The new 112,000 square foot academic building (shown above right) financed through this issue will have 60 classrooms and 9 computer labs and state-of-the-art technology will be installed in the art lecture hall with seating capacity for 100 students. The new building will also provide space for a learning assistance center, academic and administrative offices, the radio station and communication department studio-lab.



Kean University: Kean Hall

NJEFA Project Summaries for Financings in 2003



New Jersey Institute of Technology: Cypress Hall



New Jersey City University: Co-op Dormitory

DORMITORY SAFETY TRUST FUND Series 2003 A

In October, NJEFA closed \$5,440,000 in its final issue of bonds under the state-backed Dormitory Safety Trust Fund Bond Program. Funding from this issue provided low or zero interest loans for installation of fire suppression systems to the following 12 institutions: Bloomfield College (\$174,451); Caldwell College (\$209,045); Centenary College (\$350,000); Fairleigh Dickinson University (\$591,658); Georgian Court University (\$178,198.33); Monmouth University (\$873,700); Rider University (\$1,525,353); Steven's Institute of Technology (\$243,500); The College of New Jersey (\$436,818); Rabbinical College of America (\$689,616); Talmudical Academy (\$98,000); and Yeshiva Gedolah of Bayonne (\$70,000).

Enacted in 2000, the Dormitory Safety Trust Fund Act was created in response to a tragic dormitory fire at Seton Hall University. NJEFA was given authorization to administer up to \$90 million in state-supported bond financing to provide zero and low interest loans to institutions for installation of fire suppression systems in all student residence buildings at public and private colleges and universities in New Jersey as well as secondary, boarding, and military schools. In August 2001, NJEFA sold \$73.8 million in bonds that provided loans to 27 institutions.

Under this partial grant program the State pays all or a portion of the interest on the bonds.



William Paterson University: Hillside Dormitory



Princeton University: Witherspoon Dormitory

NJEFA Project Summaries for Financings in 2003



Centenary College



New Jersey Institute of Technology

HIGHER EDUCATION EQUIPMENT LEASING FUND Series 2003 A

In May, the Authority issued \$12,620,000 in its final tranche of bonds under the State-supported Higher Education Equipment Leasing Fund Program (HEELF). Funding from this issue provided partial grants to the following 11 institutions: Kean University (\$161,608); Ramapo College of New Jersey (\$1,869,000); Rowan University (\$3,213,000); Richard Stockton College (\$797,800); The College of New Jersey (\$3,108,000); Brookdale County College (\$823,204); Camden County College (\$894,474); Gloucester County College (\$1,073,668); Warren County College (\$448,668); Fairleigh Dickinson University (\$167,501); and Stevens Institute of Technology (\$66,070).

Enacted in 1993, the HEELF program authorized the Authority to issue up to \$100 million in state-supported bonds to finance the purchase of technical, engineering,

scientific, computer, communications, and instructional equipment to be leased to participating institutions.

In 1994, NJEFA sold \$100 million in bonds under the initial statutory authorization. These bonds were fully retired on September 1, 2000 and shortly thereafter Governor Whitman approved a full reauthorization of HEELF. In October of 2001, the Authority issued another \$87,385,000 in bonds to benefit 41 institutions.

Under this partial grant program, the State pays 75% of the annual debt service on the bonds while participating institutions pay the remaining 25% of debt service.



The College of New Jersey



Fairleigh Dickinson University

**Members
of
the
NJEFA
Board**



VIVIAN ALTMAN
Chair



ROBERT MEDINA
Vice Chair



SUSAN BATEMAN, Esq.
Treasurer



JUAN FERNANDEZ, Esq.



ROGER B. JACOBS, Esq.



JOHN E. McCORMAC
Treasurer
State of New Jersey
Ex-Officio



FRANCIS J. MERTZ
Chair, Commission
on Higher Education
Ex-Officio





About the New Jersey Educational Facilities Authority

The New Jersey Educational Facilities Authority was established in 1968 to provide assistance to the public and private colleges and universities of New Jersey by giving them access to tax-exempt financing through the facility of a public financial agency.

Oversight and direction of NJFEA is entrusted to a seven-member Board of Directors composed of five public, unsalaried members appointed by the Governor with confirmation by the New Jersey Senate to five-year terms. The State Treasurer and the Chair of the Commission on Higher Education serve ex-officio.

The mandate of NJFEA is to issue tax-exempt debt on behalf of qualified institutions of higher education to facilitate their capital finance and development needs. The bonds and other financial instruments of the Authority are limited obligations, secured and repaid by the institution for whom it provides financing.

NJFEA's bonds and other obligations have no guarantee of repayment by the State of New Jersey unless authorized by statute. Exceptions occur only when the State assumes a repayment obligation and identifies a repayment source. The latter is the case in the State's commitment to pay debt service on bonds issued under programs like the Public Library Project Grant Program or the Higher Education Capital Improvement Fund.

Institutions of higher education can utilize NJFEA financing for a variety of projects including construction, renovation, improvement and expansion of academic buildings such as classroom facilities, laboratories, and other research facilities.

Also eligible are auxiliary service facilities like dining halls

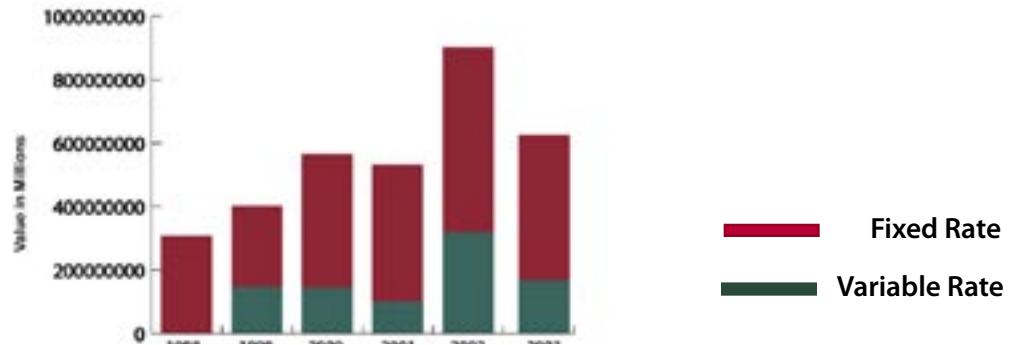
and utility plants and related utilities projects, libraries, dormitories, athletic facilities, parking facilities, student union facilities, administration buildings, and campus health care facilities. Authority financing can be utilized as well for the acquisition of capital equipment including high technology equipment. The law precludes the use of NJFEA financing for any facility used by a college or university for sectarian instruction or as a place of religious worship.

Eligible institutions, including accredited two- and four-year colleges and universities, identify their facility capital and construction requirements and then work with NJFEA to develop financing that will meet the fiscal needs of their projects.

Working with the institution, NJFEA will bring its bond issue to market, capitalizing on the lower interest rates the Authority can obtain as a public fiduciary. Colleges and universities also achieve economies of scale by utilizing NJFEA to raise funds. For example, NJFEA can package a series of projects in a single financing to obtain lower interest rates. This type of "pooled financing" structure saves administrative fees and costs of issuance that would be borne separately by the colleges and universities.

The Authority has never experienced a default. As a result, its reputation for fiscal responsibility and integrity is impeccable, resulting in the practical benefit of lower interest rates for borrowing institutions of higher education.

6-YEAR COMPARISON OF NJEFA FIXED AND VARIABLE RATE DEBT



NJEFA Financial Management

NJEFA seeks to structure the most attractive financing packages available for the colleges and universities it serves.

The following describes types of financing utilized.

- “Bond anticipation notes”, are interim, short-term obligations used to provide funds for construction, which can be replaced promptly with more favorable, lower-cost, long-term instruments.
- “Fixed rate long-term bonds” are structured to provide the most attractive debt service payment schedule.
- “Variable rate bonds” are issues in which the interest rate varies, sometimes according to a preset formula, and can be adjusted periodically. On this type of financing, the rates are generally lower than fixed rates.
- “Refundings” are bonds which are sold and then held in reserve, or used immediately to repay existing prior debt in order to take advantage of more favorable interest rates or to remove or amend certain restrictions or covenants which may have been placed on an earlier debt issue.

NJEFA uses its knowledge and experience of the financial markets, its products, and the institution’s projects to add features to its bond sales to enhance their attractiveness to investors; to achieve higher ratings from bond rating agencies; or to produce lower interest rates on particular issues for particular institutions of higher education.

NJEFA generally structures its bond sales so that there is

a Debt Service Reserve Fund specific to each individual bond issuance. These Funds are separate accounts established to provide a source to pay debt service on the Authority’s obligations in the event of financial difficulty of the borrowing institution. For any issue, NJEFA may require that reserves be placed in such a fund. NJEFA’s Debt Service Reserve Funds contain amounts approximately equal to the maximum interest and principal payment coming due in any single year for each issuance with such a requirement. NJEFA has never had to draw down on the assets of any reserve funds to meet interest or principal payments.

Similarly, NJEFA maintains Renewal and Replacement Accounts specific to certain bond sales, into which clients pay approximately 10 percent of the cost of their projects in semiannual payments as a protection against wear and tear of the improvements financed through the Authority. Institutions are permitted to apply to the Authority to use these funds to defray the cost of replacing major project components. As of December 31, 2003, NJEFA’s Renewal and Replacement Accounts held approximately \$26,082,244.

As a protection for the Authority, its bondholders, and its client institutions of higher education, NJEFA performs certain annual procedures. These protections are intended to comply with bond covenants and the formal resolutions adopted by the Board of Directors upon the issuance of debt.



Historical Review of NJEF A Financings



PHOTOS
(clockwise from top left):

The College of New Jersey
University of Medicine and
Dentistry: Cancer Institute
of New Jersey
William Paterson University
Bloomfield College
College of St. Elizabeth



Historical Review of NJEFA Financings

ATLANTIC COUNTY COLLEGE

- Series 1999 B: \$3,045,000; renovations, expansions, improvements

BETH MEDRASH GOVOHA

- 2000 Series G: \$8,505,000; new dining hall, dormitory and administration building renovations

BLOOMFIELD COLLEGE

- 1998 Tax-Exempt Lease Purchase: \$315,000; equipment acquisition
- 2000 Series A: \$6,270,000; new library, library and college center renovations, equipment purchase

CALDWELL COLLEGE

- Bond Anticipation Note Issue M (1990): \$3,000,000; library addition and renovation
- 1995 Series A: \$4,800,000; academic building
- 2000 Series B: \$9,235,000; student recreation center, parking lot and roadway improvements

CENTENARY COLLEGE

- 1998 Tax-Exempt Lease Purchase: \$640,000; computer and equipment acquisition
- 2000 Series F: \$6,130,000; Equestrian Center
- 2003 Series A: \$14,775,000; student residence hall, computer acquisition

COLLEGE OF ST. ELIZABETH

- 2000 Series C: \$12,000,000; facility conversion and renovations to administration building, parking facility expansion

DREW UNIVERSITY

- Bond Anticipation Note Issue I (1980): \$11,690,000; library addition and renovation
- Bond Anticipation Note Issue K (1984): \$4,500,000; computer acquisition
- 1985 Series B: \$12,275,000; library addition and renovation
- 1992 Series E: \$29,180,000; athletic center
- 1997 Series B: \$9,140,000; refunding of 1985 Series B bonds
- 1998 Series C: \$27,935,000; refunding of 1992 Series E bonds
- 2003 Series C: \$20,855,000; deferred maintenance

ESSEX COUNTY COLLEGE

- Series 1999 C: \$4,570,000; renovations

FAIRLEIGH DICKINSON UNIVERSITY

- 1972 Series A: \$4,080,000; student residences
- 1985 Series C: \$7,000,000; recreation center
- 1991 Series C: \$8,700,000; equipment purchases
- 1993 Series C: \$40,000,000; residence hall, recreation center, renovations, refunding of 1972 Series A
- 1998 Series G: \$16,615,000; student housing facility
- 2002 Series D: \$63,650,000; new residence halls and academic building, student center addition, renovations

FELICIAN COLLEGE

- 1996 Series A: \$2,040,000; academic buildings
- 1997 Series D: \$12,550,000; property acquisition, refunding of 1996 Series A bonds
- 1998 Tax-Exempt Lease Purchase: \$897,000; telephone/telecommunications equipment acquisition

GEORGIAN COURT UNIVERSITY

- 1991 Series, Project A: \$7,410,000; library and student lounge
- 1998 Series, Project B: \$6,455,000; renovations
- 2003 Series, Project C: \$15,215,000; new residence hall, renovation of Arts and Sciences Building and library

HUDSON COUNTY COLLEGE

- Series 1999 D: \$7,750,000; land acquisition
- Series 1999 G: \$2,035,000; property acquisition and construction

INSTITUTE FOR ADVANCED STUDY

- 1980 Series A (Collateralized): \$8,775,000; rehabilitation and renovations
- 1991 Series B: \$17,895,000; administration building, equipment purchase
- 1997 Series F and G: \$42,875,000; renovations and refunding of 1991 Series B bonds
- 2001 Series A: \$11,000,000; School of Natural Sciences, building "D" renovations, capital projects

INSTITUTE FOR DEFENSE ANALYSES

- 2000 Series D: \$16,695,000; property acquisition, office facility and parking lot

KEAN UNIVERSITY

- Series 1974 B: \$7,960,000; student apartments



Historical Review of NJEFA Financings

- Series 1981 E: \$4,185,000; Pingry School acquisition (East Campus)
- Series 1985 D: \$4,440,000; refunding of Series 1981 E bonds
- Series 1991 B: \$9,625,000; student apartments
- Series 1993 G: \$8,770,000; College Center addition and Library
- Series 1998 A: \$16,400,000; academic building and athletic facilities
- Series 1998 B: \$9,595,000; student apartments
- Series 2001 A: \$6,465,000; Downs Hall addition/renovations
- Series 2003 D: \$75,000,000; Wellness and Fitness Center, gymnasium renovations, stadium additions, Kean Building renovations, academic building

MIDDLESEX COUNTY COLLEGE

- Bond Anticipation Note Issue 9 (1971): \$265,000; parking facility
- Series 1999 E: \$4,370,000; road, building and safety improvements

MONMOUTH UNIVERSITY

- 1975 Series A: \$2,710,000; student union
- 1985 Series A: \$2,150,000; academic building
- 1987 Series C: \$1,750,000; student housing facility
- 1988 Series B: \$10,500,000; apartment building, renovations, athletic facility
- Bond Anticipation Note Issue L (1990): \$5,735,000; School of Business
- 1993 Series A: \$14,365,000; various construction and renovation projects, land acquisition
- 1994 Series B: \$2,855,000; student housing facility
- 1994 Series C: \$5,270,000; student housing facility
- 1997 Series C: \$12,910,000; student housing facility, telephone system, refunding of 1985 Series A and 1987 Series C bonds
- 1998 Series D: \$8,815,000; telecommunications/equipment acquisition

MONTCLAIR STATE UNIVERSITY

- Series 1972 B: \$5,415,000; student union
- Series 1974 D: \$6,425,000; dormitory and dining hall
- Series 1977 A: \$1,720,000; student apartments
- Series 1977 B: \$988,000; student apartments
- Series 1982 B: \$15,980,000; dormitory, cafeteria
- Series 1982 C: \$8,245,000; student center annex and play-fields
- Series 1983 A: \$20,720,000; refunding of Series 1982 B bonds

- Series 1983 B: \$10,720,000; partial refunding of Series 1982 C bonds
- Series 1986 H: \$21,690,000; refunding of Series 1983 A bonds
- Series 1986 I: \$11,010,000; partial refunding of Series 1983 B bonds
- Series 1991 E: \$10,260,000; academic building
- Series 1995 F: \$4,780,000; dormitory and renovations
- Series 1996 C: \$18,845,000; refunding of Series 1986 H bonds
- Series 1996 D: \$9,575,000; refunding of Series 1986 I bonds
- Series 1997 D and Series 1997 E: \$20,925,000; academic building
- Series 2001 F: \$18,695,000; parking facility
- Series 2002 F: \$78,500,000; student housing facility and recreational complex
- Series 2003 E: \$23,425,000; Performing Arts Theater and equipment
- Series 2003 L: \$94,540,000; academic building and refunding of Series 1995 F bonds

NEW JERSEY CITY UNIVERSITY

- Series 1971 B: \$280,000; student apartments
- Series 1975 A: \$7,275,000; student center and parking facility
- Series 1977 C: \$8,570,000; refunding of Series 1975 A bonds
- Series 1987 A: \$2,475,000; dormitory
- Series 1992 D: \$15,350,000; athletic/recreation center and academic building
- Series 1993 H: \$2,310,000; administration building, parking facility, tennis courts
- Series 1995 A: \$2,315,000; property acquisition
- Series 1995 C: \$2,175,000; refunding of Series 1987 A bonds
- Series 1998 E: \$6,945,000; library and recreation center renovations
- Series 1999 B: \$17,795,000; refunding of Series 1992 D and Series 1995 A bonds
- Series 2002 A: \$15,115,000; fine arts building, student union renovations, campus card technology, parking improvements, fire protection upgrades
- Series 2003 A: \$47,850,000; Arts and Sciences Tower, Charter School conversion, parking program improvements, fire safety installation, equipment acquisition, student union renovations, ITS Department renovations, refunding of Series 1993 H bonds
- Series 2003 B: \$2,300,000; renovations to Business Incubator facility



Historical Review of NJEFA Financings

NEW JERSEY INSTITUTE OF TECHNOLOGY

- Series 1978 A: \$700,000; dormitory
- Series 1982 A: \$3,520,000; engineering building
- Series 1982 F: \$6,235,000; dormitory
- Series 1986 A: \$26,775,000; academic building
- Series 1986 B: \$6,815,000; refunding of Series 1982 F bonds
- Series 1989 A: \$20,925,000; dormitory and gymnasium addition
- Series 1991 D: \$14,575,000; parking facility and student support facility
- Series 1994 A: \$56,460,000; refunding of Series 1986 A, Series 1986 B, Series 1989 A, and Series 1991 D bonds
- Series 1995 E: \$33,230,000; residence hall and academic building renovations
- Series 2001 G: \$62,335,000; residence hall, renovations and additions to Campus Center
- Series 2001 H: \$12,570,000 (federally taxable); Enterprise Development Center
- 1990 Series A: \$13,370,000; rehabilitation and repairs
- 1991 Series A: \$15,185,000; rehabilitation and repairs
- 1992 Series F: \$17,330,000; rehabilitation and repairs
- 1993 Series B: \$17,475,000; rehabilitation and repairs
- 1994 Series A: \$46,060,000; rehabilitation and repairs
- 1995 Series C: \$28,865,000; rehabilitation and repairs
- 1996 Series C: \$24,530,000; rehabilitation and repairs
- 1997 Series E: \$22,150,000; rehabilitation and repairs
- Commercial Paper Notes, Series 1997 A and Series 1997 B: Not to Exceed \$120,000,000; stadium and renovations and repairs
- 1998 Series E: \$19,010,000; refunding a portion of 1994 Series A bonds
- 1998 Series F: \$40,000,000; rehabilitation and repairs
- 1999 Series A: \$45,500,000; refunding of 1997 A Commercial Paper Notes
- 1999 Series B: \$50,000,000; major maintenance
- 2000 Series E: \$50,000,000; renovations/capital improvements, addition to Princeton Press
- 2000 Series H: \$100,000,000; renovations and refunding of portions of Commercial Paper Notes Series 1997 A and 1999 Series A
- 2001 Series B: \$100,000,000; renovations and capital improvements
- 2002 Series B: \$100,000,000; renovations, refunding a portion of 1999 Series A Commercial Paper Notes
- 2003 Series E: \$112,510,000; refunding of 1979 Series A, 1999 Series A, 1999 Series B, 2001 Series A, 2002 Series A, 2002 Series B bonds
- 2003 Series F: \$75,000,000; various new construction and renovations
- 2003 Series D: \$114,495,000; refunding of 1994 Series A, 1995 Series C, 1996 Series C, 1997 Series E, 1998 Series F, 1999 Series B, 2000 Series E, 2000 Series H bonds

OCEAN COUNTY COLLEGE

- Series 1980 A: \$1,680,000; computer acquisition

PASSAIC COUNTY COLLEGE

- Series 1999 F: \$2,015,000; acquisition and renovation

PRINCETON THEOLOGICAL SEMINARY

- 1985 Series E: \$80,000,000; academic building
- 1992 Series C: \$20,500,000; library addition, renovations to campus center and dormitories
- 1996 Series B: \$16,210,000; residence hall, renovations, faculty and administrative housing, land acquisition
- 1997 Series A: \$22,485,000; refunding of 1992 Series C bonds
- 2002 Series G: \$26,125,000; parking garage

PRINCETON UNIVERSITY

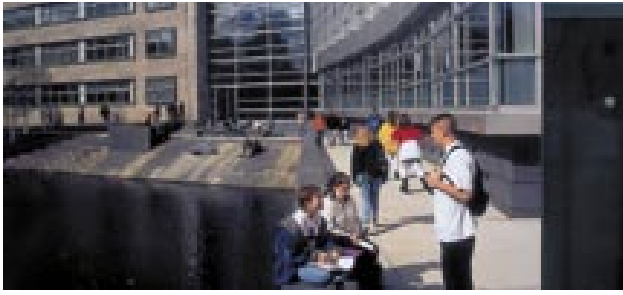
- Bond Anticipation Note Issue H (1980): \$5,000,000; dining hall and social facilities
- 1982 Series, Project A: \$16,625,000; rehabilitation and repairs
- 1984 Series, Project B: \$52,885,000; rehabilitation and repairs
- 1985 Series, Project C: \$32,100,000; rehabilitation and repairs
- 1987 Series A: \$28,785,000; rehabilitation and repairs
- 1987 Series B: \$22,285,000; rehabilitation and repairs
- 1988 Series A: \$21,885,000; rehabilitation and repairs
- 1989 Series A: \$15,400,000; rehabilitation and repairs

RABBINICAL COLLEGE OF AMERICA

- 1985 Series D: \$1,883,000; student and faculty housing

RAMAPO COLLEGE OF NEW JERSEY

- Series 1973 A: \$1,760,000; student apartments
- Series 1973 B: \$1,310,000; campus life facility
- Series 1976 C: \$2,525,000; student apartments and expanded parking
- Series 1978 B: \$100,000; student housing facility
- Series 1979 C: \$1,325,000; campus life annex
- Series 1984 A: \$7,295,000; dormitory
- Series 1986 F: \$8,445,000; refunding of Series 1984 A bonds
- Series 1988 B: \$8,975,000; dormitory
- Series 1988 C: \$2,865,000; campus life addition



Historical Review of NJEFA Financings

- Series 1990 A: \$2,270,000; dormitory renovations
- Series 1993 D: \$3,120,000; refunding of Series 1988 C bonds
- Series 1993 E: \$17,870,000; dormitories
- Series 1997 A: \$7,330,000; visual and performing arts center
- Direct Loan Program (1997): \$295,910; equipment acquisition
- Direct Loan Program (1998): \$600,000; equipment acquisition
- Series 1998 G: \$16,845,000; student housing facility and pavilion
- Series 1998 H: \$2,000,000; campus life renovations
- Series 1998 I: \$955,000; technology infrastructure match
- Series 1999 E: \$19,900,000; residence hall and equipment acquisition
- 2000 Tax-Exempt Lease Purchase: \$1,695,3000; computer equipment acquisition
- Series 2001 D: \$40,480,000; student residence and telecommunications repairs
- Series 2001 E: \$2,535,000; sustainability center and instructional equipment
- Series 2002 H: \$28,655,000; Phase VII and Phase VIII housing
- Series 2002 I: \$2,145,000; student union alterations, rehabilitation, renovations
- Series 2002 J: \$29,620,000; athletic building addition, Havermeyer House acquisition and renovation
- Series 2003 F: \$1,820,000; refunding of Series 1993 D bonds
- Series 2003 G: \$9,300,000; refunding of Series 1993 E bonds
- Series 2003 H: \$18,930,000; refunding of Series 1999 E bonds

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY

- Series 1973 C: \$1,780,000; College Center
- Series 1973 D: \$5,700,000; student apartments
- Series 1980 B: \$9,790,000; dormitories
- Series 1981 D: \$3,860,000; College Center Annex
- Series 1985 A: \$10,980,000; refunding of Series 1980 B bonds
- Series 1985 C: \$4,370,000; refunding of Series 1981 D bonds
- Series 1985 F: \$7,810,000; dormitories and parking expansion
- Series 1987 B: \$1,000,000; convenience center
- Series 1988 A: \$3,294,000; student housing renovations
- Series 1992 B: \$10,600,000; refunding of Series 1985 A bonds

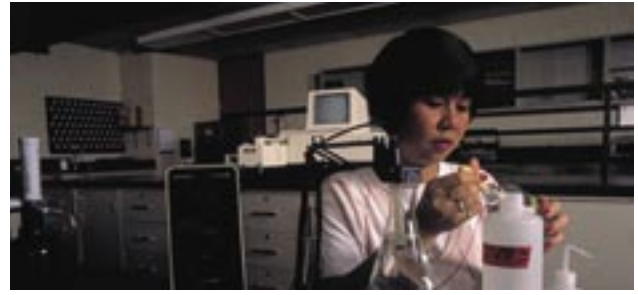
- Series 1992 C: \$7,330,000; refunding of Series 1985 F bonds
- Series 1993 F: \$6,690,000; library addition and arts and sciences building
- Series 1996 B: \$1,680,000; refunding of Series 1985 C bonds
- Series 1996 F: \$19,280,000; recreation center
- Series 1998 C: \$13,110,000; student housing facility and commons building
- Series 2002 B: \$8,340,000; refunding of Series 1992 B and Series 1992 C bonds

RIDER UNIVERSITY

- 1971 Series A: \$3,700,000; Student Union
- 1987 Series B: \$21,400,000; administration building
- 1992 Series D: \$31,735,000; academic buildings
- 1995 Series B: \$4,819,851.19; equipment acquisition
- 2002 Series A: \$27,560,000; refunding of 1992 Series D bonds

ROWAN UNIVERSITY

- Series 1971 A: \$1,205,000; student apartments
- Series 1974 E: \$6,080,000; student union
- Series 1975 B: \$580,000; Winans Hall
- Series 1976 B: \$2,555,000; student apartments
- Series 1979 A: \$1,710,000; student housing facility
- Series 1982 D: \$1,760,000; computer facility acquisition
- Series 1983 C: \$10,365,000; student housing facility
- Series 1983 D: \$3,500,000; student housing facility
- Series 1983 G: \$3,385,000; student union renovations
- Series 1985 E: \$1,545,000; refunding of Series 1982 D bonds
- Series 1986 C: \$11,940,000; refunding of Series 1983 C bonds
- Series 1986 E: \$3,280,000; refunding of Series 1983 G bonds
- Series 1991 A: \$9,000,000; student recreation center
- Series 1993 A: \$9,600,000; new library facility
- Series 1993 B: \$1,765,000; refunding of Series 1976 B bonds
- Series 1993 C: \$10,955,000; refunding of Series 1986 C bonds
- Series 1994 C: \$6,145,000; cogeneration plant and equipment acquisition
- Series 1996 E: \$40,785,000; School of Engineering and renovations
- Series 1997 B: \$6,770,000; engineering building expansion and renovations
- Series 1997 C: \$9,035,000; refunding of Series 1991 A bonds



Historical Review of NJEFA Financings

- Direct Loan Program (1998): \$3,000,000; equipment acquisition
- Series 2000 B: \$51,620,000; science academic building
- Series 2001 B: \$8,790,000; student center renovations
- Series 2001 C: \$60,930,000; land acquisition, refunding of Series 1979 A, Series 1993 A, Series 1994 C, Series 1996 E bonds
- Series 2002 K: \$14,920,000; various renovations, land acquisition, sub-station and boilers
- Series 2003 I: \$64,910,000; land and computer acquisition, education building, apartment complex, chiller plant, Triad Apartment and Academy Street School renovations
- Series 2003 J: \$4,555,000; refunding of Series 1993 B and Series 1993 C bonds
- Series 2003 K: \$14,700,000; land and computer acquisition, education building, apartment complex, chiller plant, Triad Apartment and Academy Street School renovations

RUTGERS, THE STATE UNIVERSITY

- Series 1974 A: \$6,725,000; student apartments

SAINT PETER'S COLLEGE

- 1975 Series B: \$6,000,000; gymnasium/recreation facility
- 1977 Series A: \$7,290,000; Recreational Life Center
- 1992 Series B: \$11,215,000; student housing facility
- 1998 Series B: \$36,815,000; student housing facility
- 1999 Tax-Exempt Lease Purchase: \$663,000; equipment acquisition

SETON HALL UNIVERSITY

- 1976 Series A: \$4,550,000; Law Center
- 1985 Series, Project A: \$31,985,000; dormitory and recreation center
- 1988 Series, Project B: \$23,000,000; dormitory
- 1989 Series, Project C: \$53,535,000; Law School and parking garage
- 1991 Refunding Series A: \$33,965,000; refunding of 1985 Series, Project A bonds
- 1991 Refunding Series B: \$21,785,000; dormitory
- 1991 Series, Project D: \$28,970,000; library
- 1996 Series, Project E: \$20,800,000; refunding of 1989 Series, Project C bonds
- 1998 Series, Project F: \$7,620,000; refunding of 1991 Series, Project D bonds
- 1999 Series: \$50,450,000; refunding of 1989 Series, Project C and 1991 Series, Project D bonds
- 2001 Refunding Series A: \$22,840,000; refunding of 1991 Series A bonds
- 2001 Refunding Series B: \$11,600,000; refunding of 1991 Series B bonds

- 2001 Series, Project G: \$8,740,000; parking facility, additions, dormitory fire suppression project

STEVENS INSTITUTE OF TECHNOLOGY

- 1983 Series A, Collateralized: \$5,350,000; dormitory
- 1992 Series A: \$18,995,000; athletic/recreation center
- 1998 Series I: \$17,000,000; renovations and maintenance, refunding of a portion of 1992 Series A bonds
- 2002 Series C: \$59,585,000; Center for Technology Management, improvements to athletic fields

THE COLLEGE OF NEW JERSEY

- Series 1972 A: \$9,270,000; dormitory and dining hall
- Series 1976 D: \$5,580,000 and Series 1976 E: \$1,086,000; student center
- Series 1979 B: \$2,300,000; athletic and recreation center
- Series 1983 E: \$2,810,000; sports fields
- Series 1983 F: \$9,000,000; dormitory
- Series 1984 B: \$9,110,000; gymnasium renovations
- Series 1986 D: \$10,050,000; refunding of Series 1983 F bonds
- Series 1986 G: \$10,400,000; refunding of Series 1984 B bonds
- Series 1989 C: \$34,680,000; student residence
- Series 1992 A: \$9,955,000; cogeneration plant
- Series 1992 E: \$56,160,000; refunding of Series 1986 D, Series 1986 G, Series 1989 C bonds
- Series 1994 B: \$24,890,000; dormitories and parking garage
- Series 1996 A: \$75,185,000; academic building, nursing building, student residence, renovations
- Series 1999 A: \$146,455,000; School of Business, Social Sciences Building, dormitory additions
- Series 2002 C: \$53,155,000; refunding of Series 1992 A and Series 1992 E bonds
- Series 2002 D: \$138,550,000; library, parking garages/decks, apartments, various renovations and additions

THOMAS EDISON STATE COLLEGE

- Direct Loan Program (1998): \$1,300,000; equipment purchase

UNION COUNTY COLLEGE

- 1973 Series A: \$3,635,000; library/classroom building
- Series 1989 B: \$6,660,000; commons building
- Series 1991 C: \$3,945,000; computer laboratories



Historical Review of NJEFA Financings

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY

- Series 1995 B: \$143,645,000; academic building
- Series 1999 C: \$15,720,000; building acquisition

WILLIAM PATERSON UNIVERSITY OF NEW JERSEY

- Series 1974 C: \$4,025,000; student apartments
- Series 1976 A: \$5,685,000; student center
- Series 1981 A: \$12,405,000 and Series 1981 B: \$5,000,000; student residence
- Series 1982 E: \$2,200,000; Student Center Annex
- Series 1985 B: \$13,700,000; refunding of Series 1981 A bonds
- Series 1991 F: \$21,605,000; dormitory
- Series 1998 D: \$6,575,000; partial refunding of Series 1991 F bonds
- Series 1999 D: \$12,785,000; dormitory
- Series 2000 A: \$26,425,000; land acquisition and academic building conversion
- Series 2002 E: \$42,125,000; refunding of Series 1991 F bonds, student center renovations and addition

SUMMARY OF STATE-BACKED TRANSACTIONS:

HIGHER EDUCATION EQUIPMENT LEASING FUND

- Higher Education Equipment Leasing Fund, Series 1994 A: \$100,000,000
- Higher Education Equipment Leasing Fund, Series 2001 A: \$87,385,000
- Higher Education Equipment Leasing Fund, Series 2003 A: \$12,620,000

HIGHER EDUCATION FACILITIES TRUST FUND

- Higher Education Facilities Trust Fund, Series 1995 A: \$220,000,000

HIGHER EDUCATION TECHNOLOGY INFRASTRUCTURE FUND

- Higher Education Technology Infrastructure Fund, Series 1998 A: \$55,000,000

COUNTY COLLEGE CAPITAL PROJECTS FUND

- County College Capital Projects Fund, Series 1999 A: \$19,295,000 and Series 1999 B-G: \$23,785,000

HIGHER EDUCATION CAPITAL IMPROVEMENT FUND

- Higher Education Capital Improvement Fund, Series 2000 A: \$132,800,000
- Higher Education Capital Improvement Fund, Series 2000 B: \$145,295,000
- Higher Education Capital Improvement Fund, Series 2002 A: \$194,590,000

DORMITORY SAFETY TRUST FUND

- Dormitory Safety Trust Fund, Series 2001 A: \$67,970,000
- Dormitory Safety Trust Fund, Series 2001 B: \$5,800,000 (federally taxable)
- Dormitory Safety Trust Fund, Series 2003 A: \$5,440,000

PUBLIC LIBRARY GRANT PROGRAM

- Public Library Grant Program, Series 2002 A: \$45,000,000

OTHER

- Floating Rate Weekly Demand Equipment & Capital Improvement Revenue Bonds, 1985 Series A: \$50,000,000



Historical Review of NJEFA Financings

SUMMARY OF REFUNDINGS, FINAL REDEMPTIONS, AND OTHER SIGNIFICANT ACTIVITY DURING 2003:

- Ramapo College of New Jersey, Series 1997 A: redeemed on March 27, 2003
- Princeton University, 1993 Series B: redeemed on July 1, 2003
- Rowan College of New Jersey, Series 1993 A: redeemed on July 1, 2003 from Escrow Funds
- Jersey City State College, Series 1993 H: current refunded (Call date 07/01/2003) by Series 2003 A
- Ramapo College of New Jersey, Series 1973 A: redeemed on July 1, 2003
- Ramapo College of New Jersey, Series 1993 D: current refunded (call date 07/01/2003) by Series 2003 F
- Ramapo College of New Jersey, Series 1993 E: current refunded (call date 07/01/2003) by Series 2003 G
- Rowan College of New Jersey, Series 1993 B: current refunded (call date 12/11/2003) by Series 2003 J
- Rowan College of New Jersey, Series 1993 C: advance refunded (call date 12/11/2003) by Series 2003 J
- Princeton Theological Seminary, 1996 Series B: advance refunded (call date 07/01/2006) by 2002 Series G
- Centenary College, 2000 Series F: current refunded by 2003 Series A
- Princeton University, 1994 Series A: advance refunded (call date 07/01/2004) by 2003 Series D
- Princeton University, 1995 Series C: advance refunded (call date 07/01/2005) by 2003 Series D
- Princeton University, 1996 Series C: advance refunded (call date 01/01/2004) by 2003 Series D
- Princeton University, 1997 Series E: advance refunded (call date 07/01/2004) by 2003 Series D
- Princeton University, 1998 Series F: advance refunded (call date 07/01/2005) by 2003 Series D
- Princeton University, 1999 Series B: advance refunded (call date 07/01/2009) by 2003 Series D
- Princeton University, 2000 Series E: advance refunded (call date 07/01/2010) by 2003 Series D
- Princeton University, 2000 Series H: advance refunded (call date 07/01/2010) by 2003 Series D

FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

December 31, 2003



A Component Unit
of the State
of New Jersey



PHOTOS
(clockwise from top left):

Centenary College
Beth Medrash Gevovah
Caldwell College
New Jersey Institute
of Technology



Table of Contents

Report of Independent Auditors	33
Management's Discussion and Analysis	34
Basic Financial Statements	
Balance Sheets	37
Statements of Revenues, Expenses and Changes in Fund Net Assets	38
Statements of Cash Flows	39
Notes to Financial Statements	40
Supplemental Financial Information	
Balance Sheets —Trustee Held Funds	44
Statements of changes in Trustee Held Funds	45
Notes to Supplemental Financial Statements	46

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION



2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION



■ Ernst & Young LLP
MetroPark
99 Wood Avenue South
P.O. Box 751
Iselin, NJ 08830-0471

■ Phone: (732) 516-4200
www.ey.com

Report of Independent Auditors

To the Members of the New Jersey Educational Facilities Authority

We have audited the accompanying balance sheets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 2003 and 2002, and the related statements of revenues, expenses and changes in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Educational Facilities Authority as of December 31, 2003 and 2002, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Ernst & Young LLP'.

March 5, 2004

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Management's Discussion and Analysis

Year ended December 31, 2003

Introduction

This section of the New Jersey Educational Facilities Authority's (the "Authority's") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2003. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Overview of the Financial Statements

The Authority is supported entirely by fees charged for the services it provides. Accordingly, the Authority is considered an Enterprise Fund and utilizes the accrual basis of accounting. The Basic Financial Statements for an Enterprise Fund include: Balance Sheets; Statements of Revenues, Expenses and Changes in Fund Net Assets; and Statements of Cash Flows. These statements provide, respectively, a view of the Authority's financial position as of the end of the year, a description of the financial activity during the year, and a description of the cash activity during the year.

Reimbursement to State of New Jersey

In 2002, the Authority paid \$5,000,000 to the State of New Jersey as reimbursement for a portion of the State's support of several programs benefiting New Jersey's institutions of higher education.

Consequently, the Authority's change in net assets for 2002 was a negative \$3,100,723. The change in net assets excluding that reimbursement would have been a positive \$1,899,277.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Management's Discussion and Analysis (continued) Year ended December 31, 2003

Condensed Financial Information

The following table represents the changes in net assets between December 31, 2003 and December 31, 2002:

	2003	2002	\$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Current assets	\$7,118,561	\$6,170,042	\$ 948,519	15.4%
Noncurrent assets	280,285	175,491	104,794	59.7
Total assets	7,398,846	6,345,533	1,053,313	16.6
Current liabilities	301,172	145,925	155,247	106.4
Noncurrent liabilities	630,100	606,600	23,500	3.9
Total liabilities	931,272	752,525	178,747	23.8
Total net assets	\$6,467,574	\$5,593,008	\$ 874,566	15.6%

The following table represents the changes in revenues and expenses between fiscal years 2003 and 2002:

	2003	2002	\$ INCREASE/ (DECREASE)	% INCREASE/ (DECREASE)
Operating revenues:				
Administrative fees	\$3,007,246	\$ 3,155,362	\$ (148,116)	(4.7%)
Total operating revenues	3,007,246	3,155,362	(148,116)	(4.7)
Operating expenses:				
Salaries and related expenses	1,164,583	765,153	399,430	52.2
Provision for post-retirement benefits	40,000	80,000	(40,000)	(50.0)
General expenses	971,808	583,611	388,197	66.5
Total operating expenses	2,176,391	1,428,764	747,627	52.3
Operating income	830,855	1,726,598	(895,743)	(51.9)
Nonoperating revenues (expenses):				
(Loss) gain on asset disposal	(14,698)	5,353	(20,051)	(374.6)
State of New Jersey reimbursement	-	(5,000,000)	5,000,000	100.0
Investment income	58,409	167,326	(108,917)	(65.1)
Change in net assets	874,566	(3,100,723)	3,975,289	128.2
Net assets beginning of year	5,593,008	8,693,731	(3,100,723)	(35.7)
Net assets end of year	\$6,467,574	\$ 5,593,008	\$ 874,566	15.6 %

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Management's Discussion and Analysis (continued) Year ended December 31, 2003

Analysis of Overall Financial Position and Results of Operations

The Authority's solid financial position and strong operating results were continued.

Financial Highlights

- Net assets represent three times annual operating expenses.
- Cash and investments constitute 105% of net assets.
- Operating income was 28% of operating revenue.

During 2002 and 2003, demand for the Authority's services remained strong and its financing activity continued at record levels. Against the backdrop of rising enrollments and increasing need for spaces in New Jersey's colleges and universities, the State's public and private institutions have continued to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment. Low interest rates in the capital markets have fostered an economically advantageous environment for new borrowing capital, as well as opportunities for refinancing higher-cost outstanding debt. The Authority also continued to finance State-supported programs, for multiple borrowers, as authorized by the New Jersey Legislature and Governor.

The Authority's operating revenues in 2003 were lower than those in 2002, principally due to the fact that certain financings planned for 2003 were delayed into 2004. The Authority's expenses in 2003 were higher than those in 2002 for two main reasons: First, in order to meet the significantly increased level of demand for its services evident in both 2002 and 2003, the Authority hired additional staff and moved its operations to expanded facilities. Second, the Authority provided developmental financial support for several programs to benefit its clients. As a result, the Authority's operating margin (operating income as a percentage of operating revenue) decreased from 55% in 2002 to 28% in 2003.

The Authority currently has outstanding 148 issues of non-recourse conduit bond and note issues with a par value of \$3.7 billion. Administrative fees are collected to provide funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available in the event of potential financial difficulty related to the Authority's financings or operations. Net assets represent the maximum amount of available reserves, which equaled \$6.5 million as of December 31, 2003.

Contacting the Authority's Financial Management

If you have questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, NJ 08540-6602.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Balance Sheets

	December 31	
	2003	2002
Assets		
Current assets:		
Cash	\$ 116,843	\$ 87,696
Investments, principally U.S. Government obligations (Note 4)	6,673,296	5,248,667
Accrued interest receivable	15,125	48,456
Fees receivable	245,350	702,468
Prepaid expenses	67,947	73,832
Due from colleges and universities	—	8,923
Total current assets	<u>7,118,561</u>	<u>6,170,042</u>
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$230,751 and \$201,077 during 2003 and 2002, respectively	<u>280,285</u>	175,491
	<u>\$7,398,846</u>	<u>\$6,345,533</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 301,172	\$ 145,925
Noncurrent liabilities:		
Post-retirement benefits other than pension	570,000	530,000
Public library project obligations	60,100	76,600
Total noncurrent liabilities	<u>630,100</u>	<u>606,600</u>
Net assets:		
Unrestricted	6,467,574	5,593,008
Total liabilities and net assets	<u>\$7,398,846</u>	<u>\$6,345,533</u>

See accompanying notes.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Statements of Revenues, Expenses and Changes in Fund Net Assets

	Year ended December 31	
	2003	2002
Operating revenues:		
Administrative fees	\$3,007,246	\$ 3,155,362
Total operating revenues	3,007,246	3,155,362
Operating expenses:		
Salaries and related expenses	1,164,583	765,153
General and administrative expenses	638,683	395,857
Provision for post-retirement benefits	40,000	80,000
Professional fees	333,125	187,754
Total operating expenses	2,176,391	1,428,764
Operating income	830,855	1,726,598
Nonoperating revenue (expense):		
(Loss) gain on asset disposal	(14,698)	5,353
Investment income	58,409	167,326
State of New Jersey reimbursement	-	(5,000,000)
Net changes in net assets	874,566	(3,100,723)
Net assets at beginning of year	5,593,008	8,693,731
Net assets at end of year	\$6,467,574	\$ 5,593,008

See accompanying notes.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Statements of Cash Flows

	Year ended December 31	
	2003	2002
Cash flows from operating activities		
Cash received from administrative fees	\$ 3,455,853	\$ 2,728,794
Cash payments for operating expenses	(1,914,441)	(1,300,940)
Net cash provided by operating activities	<u>1,541,412</u>	<u>1,427,854</u>
Cash flows from noncapital financing activities		
State of New Jersey reimbursement	-	(5,000,000)
Net cash used in noncapital financing activities	<u>-</u>	<u>(5,000,000)</u>
Cash flows from investing activities		
Loan repayments		14,364
Purchase of investments	(9,110,211)	(6,218,099)
Sale and maturity of investments	7,622,331	9,564,198
Investment income	154,991	272,880
Net cash (used in) provided by investing activities	<u>(1,332,889)</u>	<u>3,633,343</u>
Cash flows from capital activities		
Purchase of capital assets	(179,376)	(56,823)
Net cash used in capital activities	<u>(179,376)</u>	<u>(56,823)</u>
Net increase in cash	29,147	4,374
Cash at beginning of year	87,696	83,322
Cash at end of year	<u>\$ 116,843</u>	<u>\$ 87,696</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 830,855	\$ 1,726,598
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	59,885	48,155
Changes in assets and liabilities:		
Decrease (increase) in fees receivable and prepaids	471,925	(553,634)
Increase in accounts payable	155,247	50,135
(Decrease) increase in public library project obligation	(16,500)	76,600
Increase in post-retirement benefits obligation	40,000	80,000
Net cash provided by operating activities	<u>\$ 1,541,412</u>	<u>\$ 1,427,854</u>
Supplemental schedule of noncash investing activities		
Change in fair value of investments	<u>\$ (63,250)</u>	<u>\$ (91,159)</u>

See accompanying notes.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Financial Statements

1. Organization and Function of the Authority

The New Jersey Educational Facilities Authority (the "Authority"), a component unit of the State of New Jersey, was created under the provisions of Chapter 106 of New Jersey Public Laws of 1966 as a public body corporate and politic. The powers of the Authority permit the sale of notes, bonds and other obligations to support the construction, acquisition and equipping of educational facilities for public and private institutions of higher education in the State of New Jersey. The Authority is also authorized, pursuant to statutory amendments, to issue State supported bonds to fund matching grants to qualified public libraries for capital improvements. The obligations issued by the Authority are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

The Authority is exempt from both federal and state taxes.

2. Significant Accounting Policies

The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB). In addition, the Authority follows the pronouncements of only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Administrative Fees

The Authority charges administrative fees to its constituent institutions for which bond and note sales have been completed. Such fees are considered operating revenue and are charged for services related to the structuring and administration of Authority financings, investment management of bond proceeds, monitoring of financial performance and other project costs and services. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available to provide for the Authority's needs.

Depreciation

Furniture and equipment are carried at cost and depreciated over their useful lives using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Designated Net Assets

On May 18, 1999, the Members of the Authority passed a resolution to designate \$2,000,000 from the Authority's operating fund balance as a reserve to facilitate the normal operations of the Authority and for counsel and consultants, if needed, in the event of difficulties experienced by the Authority or its client colleges.

4. Cash and Investments

At year-end, the Authority's bank balance was \$151,595 of which \$100,000 was covered by FDIC insurance and held in the Authority's name by a New Jersey banking institution. The remainder was uncollateralized.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. Governmental Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority as of December 31, 2003 and 2002. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name.

Investments of the Authority comprise the following:

	<u>2003</u>	<u>2002</u>
Investments:		
U.S. Treasury and agency obligations (category 1)	\$6,466,700	\$4,750,144
Money Market Mutual Fund (noncategorized)	206,596	498,523
Total investments	<u>\$6,673,296</u>	<u>\$5,248,667</u>

In 2003 and 2002, the Authority has \$206,596 and \$498,523, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. Such investments are listed as noncategorized above, because they are not evidenced by securities that exist in physical or book entry form. U.S. Treasury and agency obligations are considered category 1 for GASB purposes. All investments are carried at fair value.

For the years ended December 31, 2003 and 2002, investment income comprises the following:

	<u>2003</u>	<u>2002</u>
Interest earnings	\$121,659	\$258,485
Net decrease in fair value of investments	(63,250)	(91,159)
	<u>\$ 58,409</u>	<u>\$167,326</u>

5. Pension Plan

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is based upon an actuarial computation performed by the PERS. The Authority's required contribution and pension expense for each of the years ended December 31, 2003, 2002 and 2001 was \$-0-. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS is 3% in 2003, 2002 and 2001.

In addition to the pension benefits noted above, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, the Authority has agreed to pay the health insurance premiums for eligible pensioners and their dependents. These postretirement benefits are available to all employees who retire from the Authority with at least twenty-five years of service credit in the PERS. Postretirement benefits are accrued based on actuarial calculations that utilize the projected unit credit cost method and a discount rate of 6.5%. At December 31, 2003 and 2002, the Authority has accrued \$570,000 and \$530,000, respectively. At December 31, 2003, the Plan had 15 participants of which 13 were active employees and 2 were retirees. Of the Plan participants 2 retirees and 1 active employee were eligible to receive benefits under the agreement.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Financial Statements (continued)

6. Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financing. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2003, the amount of conduit debt outstanding totaled \$3,701,671,062.

7. Commitments and Contingencies

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$258,000 through November 16, 2010.

The Authority, in the normal course of business, is involved in various legal matters. Under the terms of the agreements between the Authority and the public and private institutions, any costs associated with litigation are the obligation of the institution. It is the opinion of the Authority after consultation with legal counsel that its financial position will not be adversely affected by the ultimate outcome of any existing legal proceedings.

8. State of New Jersey Reimbursement

At its regular meeting of March 27, 2002, the Authority Board passed a resolution authorizing the use of \$5 million of its reserves to provide reimbursement to the State of New Jersey for a portion of the debt service paid in support of several programs benefiting the State's institutions of higher education. This amount was paid on May 20, 2002.

Supplemental Financial Information

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Balance Sheets – Trustee Held Funds

	December 31	
	2003	2002
Assets		
Cash	\$ 400,261	\$ 43,512
Investments, principally U.S. Government obligations	1,044,888,988	1,194,294,929
Accrued interest receivable	416,542	1,086,700
Due from colleges and universities	12,553,609	13,582,240
Loans and leases receivable	3,666,667,620	3,370,405,791
U.S. Government debt service subsidies receivable	–	193,681
	<u>\$4,724,927,020</u>	<u>\$4,579,606,853</u>
Liabilities		
Accounts payable and accrued expenses	\$ 34,110,903	\$ 51,388,993
Accrued interest payable	60,981,790	53,493,414
Bonds and notes payable	3,701,671,062	3,401,164,018
Funds held in trust	928,163,265	1,073,560,428
	<u>\$4,724,927,020</u>	<u>\$4,579,606,853</u>

The accompanying notes to supplemental financial statements are an integral part of this statement.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Statements of Changes in Trustee Held Funds

	Year ended December 31	
	2003	2002
Funds held in trust at beginning of year	\$1,073,560,428	\$ 737,812,306
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	777,795,000	933,972,000
Bond premium, net	26,173,309	11,164,187
Interest accrued to date of delivery	553,159	748,315
Annual loan and rental requirements	313,655,841	238,884,746
Investment income	15,684,596	22,782,627
College and university contributions	4,239,249	774,739
U.S. Government debt service subsidies	1,375,870	1,519,951
Change in investment valuation reserve	1,619,549	8,188
Total additions	1,141,096,573	1,209,854,753
Deductions:		
Debt service:		
Interest	156,248,837	133,064,848
Principal	321,113,456	119,392,333
Project costs	631,652,442	500,874,471
Issuance costs	7,121,288	10,364,559
Administrative fees	2,228,873	1,918,834
Transfers to escrow accounts for defeasance of refunded issues	168,128,840	108,491,586
Total deductions	1,286,493,736	874,106,631
(Decrease) increase in funds held in trust	(145,397,163)	335,748,122
Funds held in trust at end of year	\$ 928,163,265	\$1,073,560,428

The accompanying notes to supplemental financial statements are an integral part of this statement.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements

1. Introduction

Under the terms of the Authority's enabling legislation, the Authority has the power to issue bonds on behalf of public and private institutions of higher education in the State of New Jersey. The obligations issued by the Authority are conduit debt and are not guaranteed by, nor do they constitute a debt or obligation of, the State of New Jersey.

Because the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financing. The supplemental financial statements presented herein include information pertaining to funds held by Trustees of the various bond and note issuances of the Authority.

2. Significant Accounting Policies

The Trustee Held Funds as presented is an agency fund and as such is custodial in nature and does not present results of operations and utilizes the accrual basis of accounting.

3. Funds Held in Trust

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Construction funds	\$761,614,566	\$ 898,762,956
Debt service funds	24,592,801	40,801,759
Debt service reserve funds	115,873,654	106,535,638
Renewal and replacement accounts	26,082,244	27,460,075
	<u>\$928,163,265</u>	<u>\$1,073,560,428</u>

4. Cash and Investments

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. Governmental Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority as of December 31, 2003. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name. The credit risk for all categorized investments held by the Authority are considered category 1 by GASB standards.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

4. Cash and Investments (continued)

Investments held by trustees are carried at fair value and comprise the following:

	2003	2002
Investments:		
Collateralized investment agreements	\$ 1,705,000	\$ 28,159,968
U.S. Treasury and agency obligations	1,043,183,988*	1,166,134,961*
Total investments	\$1,044,888,988	\$1,194,294,929

* Includes \$880,724,190 and \$983,094,886 of investments in pooled U.S. Treasury funds at December 31, 2003 and 2002, respectively, which are uncategorized.

5. Loans and Leases Receivable

Since its inception, the Authority has issued obligations of \$6,703,335,749 and \$5,925,540,749 as of December 31, 2003 and 2002, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

The loans and mortgages are secured by revenue produced by the facilities and by other legally available funds of the institutions. The Authority is the owner of those projects under lease agreements. It is the intention of the Authority to transfer title in the projects at the expiration of the leases. Accordingly, the leases are being accounted for as financing transactions.

Restricted fund receivables comprise the following:

	December 31	
	2003	2002
Loans:		
Drew University	\$ 2,162,500	\$ 3,545,000
Institute for Advanced Study	49,140,000	50,585,000
Princeton University	718,515,000	608,177,500
Mortgages:		
Beth Medrash Govoha	8,097,500	8,220,000
Bloomfield College	6,072,500	6,155,000
Caldwell College	12,872,500	13,185,000
Centenary College	14,655,000	5,500,000
College of Saint Elizabeth	11,327,272	11,527,273
Drew University	43,865,000	24,185,000
Fairleigh Dickinson University	112,945,000	114,267,500
Felician College	11,464,000	11,769,000
Georgian Court College	20,407,500	5,657,500
Institute for Defense Analysis	16,695,000	16,695,000
Monmouth University	24,757,500	26,115,000
New Jersey Institute of Technology	149,460,000	152,595,000
Princeton Theological Seminary	45,770,000	36,565,000
Rider University	27,572,500	28,550,000
Saint Peter's College	32,802,500	33,852,500

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

5. Loans and Leases Receivable (continued)

	December 31	
	2003	2002
Mortgages (continued)		
Seton Hall University	\$ 106,952,500	\$ 112,850,000
Stevens Institute of Technology	71,307,500	76,227,500
University of Medicine and Dentistry of New Jersey	137,925,000	143,660,000
Leases:		
Bloomfield College	163,551	194,404
Felician College	244,966	381,454
Kean University	109,150,000	36,480,000
Montclair State University	164,623,500	144,225,000
New Jersey City University (formerly Jersey City State College)	91,460,000	44,610,000
Ramapo College of New Jersey	150,545,127	161,253,485
Richard Stockton College of New Jersey	46,206,500	48,954,000
Rider University	2,041,528	2,548,653
Rowan University (formerly Glassboro State College)	230,425,000	156,040,000
Rutgers, The State University	1,772,500	2,107,500
Saint Peter's College	315,889	410,022
The College of New Jersey (formerly Trenton State College)	338,197,500	340,382,500
William Paterson University of New Jersey	88,115,000	91,010,000
Equipment Leasing Fund	74,585,000	74,915,000
Higher Education Capital Improvement Fund	447,885,000	457,020,000
Higher Education Facilities Trust Fund	123,635,000	137,950,000
Higher Education Technology Infrastructure Fund	28,180,000	33,080,000
County College Capital Projects Fund	25,430,000	30,190,000
Dormitory Safety Trust Fund	73,925,287	73,770,000
Library Grant Program	45,000,000	45,000,000
	\$3,666,667,620	\$3,370,405,791

6. Bonds, Notes and Leases Payable

Bonds, notes and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable					
Beth Medrash Govoha:					
2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 8,160,000	\$ 8,280,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	6,115,000	6,195,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	4,340,000	4,420,000
2000 Series B	9,235,000	7/1/2025	Variable	8,575,000	8,805,000

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable (continued)					
Centenary College:					
2000 Series F	\$ 6,130,000	10/1/2020	Variable	–	\$5,500,000
2003 Series A	14,775,000	10/1/2033	Variable	\$ 14,655,000	–
Drew University:					
1997 Series B	9,140,000	3/1/2005	4.787%	2,865,000	4,225,000
1998 Series C	27,935,000	7/1/2017	4.936%	23,610,000	24,760,000
2003 Series C	20,855,000	7/1/2021	3.888%	20,855,000	–
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	63,115,000	67,970,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	5,385,000	5,800,000
Series 2003 A	5,440,000	3/1/2018	3.752%	5,440,000	–
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	61,965,000	74,915,000
Series 2003 A	12,620,000	9/1/2011	2.517%	12,620,000	–
Fairleigh Dickinson University:					
1993 Series C	40,000,000	7/1/2023	6.735%	34,920,000	35,760,000
1998 Series G	16,615,000	7/1/2028	5.796%	15,055,000	15,500,000
2002 Series D	63,650,000	7/1/2032	6.114%	63,650,000	63,650,000
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	9,715,000	9,950,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	1,749,000	1,819,000
Georgian Court College:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	5,430,000	5,885,000
2003 Series Project C	15,215,000	7/1/2033	5.991%	15,215,000	–
Higher Education Facilities Trust Fund:					
Series 1995 A	220,000,000	9/1/2010	5.063%	123,635,000	137,950,000
Higher Education Technology Infrastructure Fund:					
Series 1998 A	55,000,000	9/1/2008	4.518%	28,180,000	33,080,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	120,335,000	124,685,000
Series 2000 B	145,295,000	9/1/2020	5.003%	132,960,000	137,745,000
Series 2002 A	194,590,000	9/1/2022	4.599%	194,590,000	194,590,000

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable (continued)					
Institute for Advanced Study:					
1997 Series F	\$16,310,000	7/1/2021	5.111%	\$13,600,000	\$14,360,000
1997 Series G	26,565,000	7/1/2028	5.111%	24,735,000	25,225,000
2001 Series A	11,000,000	7/1/2031	5.101%	10,805,000	11,000,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	16,695,000	16,695,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	3,370,000	3,745,000
Series 1993 H	2,310,000	7/1/2018	5.199%	–	1,785,000
Series 1995 C	2,175,000	7/1/2007	4.671%	965,000	1,180,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,455,000	6,585,000
Series 1999 B	17,795,000	7/1/2025	4.807%	16,465,000	16,995,000
Series 2002 A	15,115,000	7/1/2032	4.949%	14,850,000	15,115,000
Series 2003 A	47,850,000	7/1/2032	Variable	47,850,000	–
Series 2003 B	2,300,000	7/1/2018	5.659%	2,300,000	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	2,305,000	2,690,000
Series 1993 G	8,770,000	7/1/2018	4.965%	5,815,000	6,070,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	21,335,000	22,635,000
Series 2001 A	6,465,000	7/1/2016	4.474%	5,885,000	6,225,000
Series 2003 D	75,000,000	7/1/2033	4.811%	75,000,000	–
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	45,000,000	45,000,000
Monmouth University:					
1993 Series A	14,365,000	7/1/2013	5.538%	9,105,000	9,760,000
1997 Series C	12,910,000	7/1/2022	5.732%	9,350,000	9,625,000
1998 Series D	8,815,000	7/1/2024	5.225%	7,000,000	7,390,000
Montclair State University:					
Series 1972 B	5,415,000	7/1/2007	5.926%	1,320,000	1,605,000
Series 1974 D	6,425,000	7/1/2008	6.173%	1,965,000	2,290,000
Series 1977 A	1,720,000	7/1/2008	6.263%	495,000	575,000
Series 1977 B	988,000	7/1/2008	3.000%	222,000	263,000
Series 1995 F	4,780,000	7/1/2025	5.517%	4,235,000	4,335,000
Series 1996 C	18,845,000	7/1/2012	5.356%	12,570,000	13,635,000
Series 1996 D	9,575,000	7/1/2012	5.358%	6,395,000	6,935,000
Series 1997 D	10,960,000	7/1/2027	5.007%	9,890,000	10,105,000
Series 1997 E	9,965,000	7/1/2021	5.007%	8,465,000	8,760,000

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable (continued)					
Montclair State University (continued)					
Series 2001 F	\$18,695,000	7/1/2031	5.072%	\$18,695,000	\$18,695,000
Series 2002 F	78,500,000	7/1/2032	Variable	78,500,000	78,500,000
Series 2003 E	23,425,000	7/1/2033	Variable	23,425,000	–
New Jersey Institute of Technology:					
Series 1994 A	56,460,000	7/1/2024	6.136%	48,305,000	49,465,000
Series 1995 E	33,230,000	7/1/2025	5.408%	30,000,000	30,705,000
Series 2001 G	62,335,000	7/1/2031	4.932%	61,215,000	61,835,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	11,545,000	12,120,000
Princeton Theological Seminary:					
1996 Series B	16,210,000	7/1/2026	5.936%	–	16,210,000
1997 Series A	22,485,000	7/1/2022	4.988%	20,030,000	20,680,000
2002 Series G	26,125,000	7/1/2032	4.824%	26,125,000	–
Princeton University:					
1993 Series B	17,475,000	7/1/2003	4.168%	–	2,075,000
1994 Series A	46,060,000	7/1/2024	5.843%	2,855,000	10,795,000
1995 Series C	28,865,000	7/1/2025	5.078%	7,310,000	15,430,000
1996 Series C	24,530,000	7/1/2006	4.858%	2,735,000	11,255,000
1997 Series E	22,150,000	7/1/2007	4.423%	2,355,000	12,350,000
1998 Series E	19,010,000	7/1/2024	4.873%	16,820,000	17,300,000
1998 Series F	40,000,000	7/1/2018	4.438%	12,015,000	27,215,000
1999 Series A	45,500,000	7/1/2029	4.798%	42,030,000	42,890,000
1999 Series B	50,000,000	7/1/2019	4.980%	18,070,000	45,295,000
2000 Series E	50,000,000	7/1/2020	5.355%	17,865,000	47,070,000
2000 Series H	100,000,000	7/1/2030	5.336%	69,850,000	98,145,000
2001 Series B	100,000,000	7/1/2021	Variable	94,200,000	97,500,000
2002 Series B	100,000,000	7/1/2031	Variable	96,975,000	100,000,000
2003 Series D	114,495,000	7/1/2019	3.727%	114,495,000	–
2003 Series E	112,510,000	7/1/2028	3.944%	112,510,000	–
2003 Series F	75,000,000	7/1/2023	Variable	75,000,000	–
Ramapo College of New Jersey:					
Series 1973 A	1,760,000	7/1/2003	5.571%	–	115,000
Series 1993 D	3,120,000	7/1/2013	5.467%	–	2,145,000
Series 1993 E	17,870,000	7/1/2013	5.422%	–	11,500,000
Series 1997 A	7,330,000	7/1/2007	5.181%	–	7,330,000
Series 1998 G	16,845,000	7/1/2028	4.832%	15,500,000	15,830,000
Series 1998 H	2,000,000	7/1/2013	4.309%	1,510,000	1,630,000
Series 1998 I	955,000	7/1/2008	4.044%	550,000	645,000
Series 1999 E	19,900,000	7/1/2029	5.774%	19,245,000	19,580,000

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable (continued)					
Ramapo College of New Jersey (continued)					
Series 2001 D	\$40,480,000	7/1/2031	5.105%	\$40,480,000	\$40,480,000
Series 2001 E	2,535,000	7/1/2008	4.037%	1,885,000	2,225,000
Series 2002 H	28,655,000	7/1/2032	4.485%	28,610,000	28,655,000
Series 2002 I	2,145,000	7/1/2032	4.485%	2,085,000	2,145,000
Series 2002 J	29,620,000	7/1/2032	4.485%	29,580,000	29,620,000
Series 2003 F	1,820,000	7/1/2013	3.257%	1,820,000	–
Series 2003 G	9,300,000	7/1/2013	3.110%	9,300,000	–
Richard Stockton College of New Jersey:					
Series 1973 D	5,700,000	7/1/2008	5.885%	1,630,000	1,905,000
Series 1988 A	3,294,000	7/1/2016	3.000%	1,724,000	1,839,000
Series 1993 F	6,690,000	7/1/2023	5.356%	5,635,000	5,790,000
Series 1996 B	1,680,000	7/1/2006	4.774%	590,000	770,000
Series 1996 F	19,280,000	7/1/2027	5.494%	18,550,000	18,925,000
Series 1998 C	13,110,000	7/1/2028	5.089%	12,405,000	12,650,000
Series 2002 B	8,340,000	7/1/2010	3.482%	7,155,000	8,340,000
Rider University:					
1971 Series A	3,700,000	7/1/2009	6.895%	1,285,000	1,455,000
2002 Series A	27,560,000	7/1/2017	4.709%	26,800,000	27,560,000
Rowan University (formerly Glassboro State College):					
Series 1971 A	1,205,000	7/1/2005	6.245%	175,000	255,000
Series 1974 E	6,080,000	7/1/2009	6.944%	2,140,000	2,425,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,590,000	1,725,000
Series 1993 B	1,765,000	7/1/2006	5.162%	–	760,000
Series 1993 C	10,955,000	7/1/2008	5.235%	–	5,310,000
Series 1997 B	6,770,000	7/1/2026	5.346%	6,010,000	6,170,000
Series 1997 C	9,035,000	7/1/2021	5.524%	8,020,000	8,285,000
Series 2000 B	51,620,000	7/1/2030	5.566%	50,760,000	51,620,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,490,000	8,645,000
Series 2001 C	60,930,000	7/1/2031	4.943%	56,145,000	57,755,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,920,000	14,920,000
Series 2003 I	64,910,000	7/1/2030	4.714%	64,910,000	–
Series 2003 J	4,555,000	7/1/2008	2.258%	4,555,000	–
Series 2003 K	14,700,000	7/1/2033	Variable	14,700,000	–
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	1,945,000	2,270,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	33,340,000	34,365,000

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Bonds Payable (continued)					
Seton Hall University:					
1996 Series, Project E	\$20,800,000	7/1/2019	5.804%	\$19,905,000	\$20,005,000
1998 Series, Project F	7,620,000	7/1/2021	5.189%	7,620,000	7,620,000
1999 Refunding Series	50,450,000	7/1/2018	5.122%	45,170,000	47,750,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	18,140,000	20,595,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	10,390,000	11,025,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
Stevens Institute of Technology:					
1992 Series A	18,995,000	7/1/2008	6.501%	-	-
1998 Series I	17,000,000	7/1/2028	5.109%	16,285,000	17,000,000
2002 Series C	59,585,000	7/1/2032	5.228%	57,585,000	59,585,000
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	2,255,000	2,740,000
Series 1976 D	5,580,000	7/1/2008	6.853%	1,815,000	2,110,000
Series 1999 A	146,455,000	7/1/2029	4.948%	144,855,000	144,855,000
Series 2002 C	53,155,000	7/1/2019	4.480%	51,880,000	53,155,000
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	138,550,000
The College of Saint Elizabeth:					
2000 Series C	12,000,000	7/1/2030	Variable	11,400,000	11,600,000
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	123,225,000	128,690,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,700,000	14,970,000
William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	1,160,000	1,355,000
Series 1976 A	5,685,000	7/1/2009	7.644%	2,230,000	2,510,000
Series 1981 B	5,000,000	7/1/2011	3.000%	1,880,000	2,085,000
Series 1998 D	6,575,000	7/1/2021	4.994%	5,990,000	6,180,000
Series 1999 D	12,785,000	7/1/2019	5.162%	11,435,000	11,905,000
Series 2000 A	26,425,000	7/1/2030	5.515%	25,715,000	26,080,000
Series 2002 E	42,125,000	7/1/2027	4.714%	41,370,000	42,125,000
Notes Payable					
Princeton University:					
1997 Series A - Commercial Paper	120,000,000*	N/A	Variable	45,600,000	91,700,000

* Maximum authorized amount

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2003	2002
Leases Payable					
Bloomfield College	\$ 315,000	4/1/2008	5.900%	\$ 163,551	\$ 194,404
Felician College	897,000	8/29/2005	5.550%	244,966	381,454
Ramapo College	1,377,090	10/1/2010	Variable	1,040,128	1,273,485
Rider University	4,819,851	3/15/2007	6.221%	2,041,528	2,548,653
St. Peter's College	663,000	8/3/2006	5.630%	315,889	410,022
Treasurer, State of New Jersey, Series 1999 A	19,295,000	9/1/2014	4.705%	6,980,000	10,335,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	1,975,000	2,255,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	3,630,000	3,880,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	6,160,000	6,580,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	3,470,000	3,705,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	1,595,000	1,705,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	1,620,000	1,730,000
				\$3,701,671,062	\$3,401,164,018

The minimum aggregate principal maturities for each of the next five years and thereafter are as follows:

2004	\$ 140,175,370
2005	151,290,941
2006	155,660,235
2007	161,929,177
2008	153,244,002
Thereafter	<u>2,939,371,337</u>
	<u>\$3,701,671,062</u>

7. Refunded Bond Issues

When conditions have warranted, the Authority has sold various issues of bonds to provide for the refunding of previously issued obligations.

The proceeds received from the sales of the bond issues were used to refund currently the outstanding bond issues or to deposit in an irrevocable escrow fund held by the Escrow Agent, an amount which, when combined with interest earnings thereon, is at least equal to the sum of the outstanding principal amount of the bonds, the interest to accrue thereon to and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Authority's financial statements.

Certain transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues. The debt service savings, together with any accounting gain or loss that will be deferred, accrue to the respective institutions.

2003 FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Notes to Supplemental Financial Statements (continued)

7. Refunded Bond Issues (continued)

Refunded bonds outstanding at December 31, 2003 comprise the following:

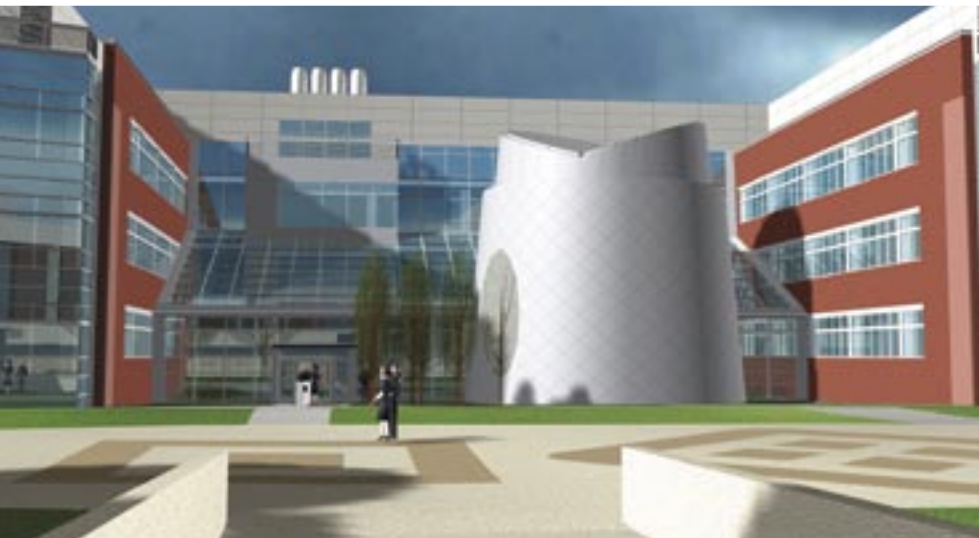
Issue	Principal Amount Outstanding December 31, 2003	Refunded Issues		Debt Service Savings	Refunding Issues		Original Amount of Issue
		Principal Amount Refunded	Call Date		Date of Issuance	Issue	
Princeton University Issues							
1994 Series A	\$17,815,000	\$17,815,000	7/1/2004	\$1,401,467	7/21/98	1998 Series E	\$ 19,010,000
1994 Series A	5,235,000	5,235,000	7/1/2004	5,434,717	10/23/03	2003 Series D	114,495,000
1995 Series C	5,870,000	5,870,000	7/1/2005				
1996 Series C	5,915,000	5,915,000	1/1/2004				
1997 Series E	7,745,000	7,745,000	7/1/2004				
1998 Series F	11,710,000	11,710,000	7/1/2005				
1999 Series B	25,440,000	25,440,000	7/1/2009				
2000 Series E	27,615,000	27,615,000	7/1/2010				
2000 Series H	26,700,000	26,700,000	7/1/2010				
Monmouth University Issues							
1994 Series B	1,495,000	2,350,000	7/1/2004	367,193	8/6/98	1998 Series D	8,815,000
1994 Series C	4,690,000	5,090,000	7/1/2004				
New Jersey City University (formerly Jersey City State College) Issues							
1995 Series A	2,040,000	2,245,000	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000
The College of New Jersey Issues							
1994 Series B	21,730,000	24,090,000	7/1/2004	6,271,500	4/26/99	Series 1999 A	146,455,000
1996 Series A	75,185,000	75,185,000	7/1/2006				
Rowan University (formerly Glassboro State College) Issues							
1993 Series A	—	8,450,000	7/1/2003	1,629,416	4/10/01	Series 2001 C	60,930,000
1996 Series E	36,180,000	38,635,000	7/1/2006				
Princeton Theological Seminary Issue							
1996 Series B	16,210,000	16,210,000	7/1/2006	345,011	1/22/03	2002 Series G	26,125,000



building
futures



36
years



68 public libraries

PHOTOS
(clockwise from top left):

- Drew University
- The College of New Jersey
- Ramapo College of New Jersey
- Rowan University
- The College of St. Elizabeth





\$641 million in bonds
in 2003



PHOTOS
(Clockwise from top left):
New Jersey Institute of Technology
Fairleigh Dickinson University
Caldwell College
Caldwell College
Princeton University
Drew University



**NJEFA • 103 College Road East • Princeton, NJ 08540-6602
Phone: 690.987.0880 • Fax: 609.987.0850 • www.njefa.com**