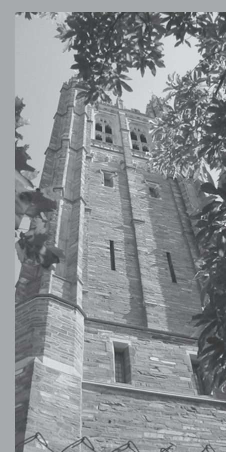
NJEFA

New Jersey Educational Facilities Authority

Celebrating 40 years



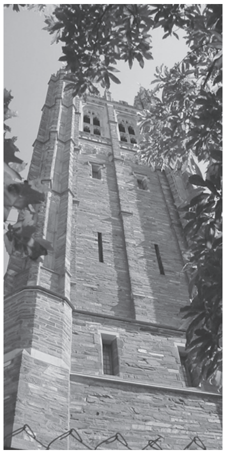


Serving New Jersey and its higher education community

Celebrating 40 years of building futures

2006 ANNUAL REPORT





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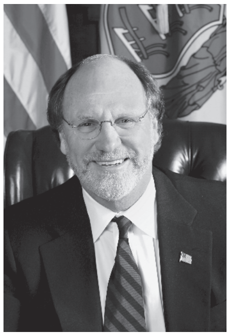
From the Governor



Jon S. Corzine
Governor

State of New Jersey
Office of the Governor
P.O. Box 001
Trenton
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(609) 292-6000

Dear Friends,

The long-term prosperity of our State, like that of any organization, depends, in large part, on making sound investments. There is no sounder investment we can make than in the intellectual and productive capacities of our citizens. All their individual successes redound to the benefit of society at large. For 40 years, the New Jersey Educational Facilities Authority (NJEFA) has helped our State's colleges and universities invest in the facilities required to educate successive generations of New Jersey's people.

Since its creation, NJEFA has been facilitating investment in higher education – investments for growth and prosperity. These investments have helped create state-of-the-art campuses necessary for the leading role we must play in global higher education. The globalization of the economy increases competition, but it also expands opportunities for cooperation and choices for consumers. New Jersey must prepare itself for both the challenges and opportunities of globalization.

As more and more countries embrace the nexus between higher education and economic prosperity, the world as a whole will prosper. Those areas in the world that are best prepared for both the competition and the opportunities will lead that growth in prosperity. It is to New Jersey's colleges and universities that we turn - for the graduates, the research and the knowledge base that are the foundations for such growth.

Over four decades, the NJEFA has changed to meet both the demands of the marketplace and the evolving needs of our State's colleges and universities. The Authority has an impressive history, but even more impressive is its dedication to client service. That dedication means NJEFA will continue to add value to our State.

Thank you to the Members and Staff of the NJEFA for your hard work, and congratulations on *40 Years of Exemplary Service*. I look forward in the years ahead to working with the Authority and our institutions of higher education to build a secure and bright future for New Jersey.

Sincerely,

JON S. CORZINE
Governor

Celebrating 40 years of building futures

To the Governor & Members of the Legislature

We proudly present the 2006 Annual Report of the New Jersey Educational Facilities Authority (NJEFA). We issued more than $1 billion in securities for the first time in our history, the third time in five years that we set a financing record. In these pages, we highlight some of the campus improvement projects made possible by those financings.

We also celebrated our 40th anniversary in 2006. NJEFA's activity has grown over the 40 years, but the needs that led to our creation are still with us. Rising student demand, insufficient capacity, limited government support, and the evolving workforce needs of a more complex society require colleges and universities to adjust to serve growing numbers of students in ever-more sophisticated facilities. These forces increase the demand for, and value of, NJEFA's assistance.

The goals that led to our creation are also as vital today as they were in 1966. Governor Richard J. Hughes, who signed the legislation creating the Authority, said, "The aspirations of society have been most clearly mirrored in the plans made for its youth. Educational opportunity is the hallmark of American society." His words are echoed today in those of Governor Corzine on the preceding page. Both governors emphasized the link between higher education and the health and prosperity of the individual and of our State. Indeed, world-class higher education is one of the six priorities in the State's Economic Growth Strategy.

Last year, the National Center for Public Policy and Higher Education published *Measuring Up 2006*, a report card for higher education in the State, the country and internationally. New Jersey did fairly well

Vivian Altman

Chair

Roger L. Anderson

Executive Director

in the report. Both our economy and our society reap large rewards from the high percentage of citizens with higher education. The report, however, also discussed challenges that could "limit the State's access to an educated, competitive workforce and weaken its economy over time."

George Eastman once said, "The progress of the world depends almost entirely on education." Today, colleges and universities in New Jersey are working hard to meet the challenges of providing world-class higher education to their students, with the attendant benefits both to the students and to our State. As they do, NJEFA will remain their committed partner.

We thank Governor Corzine and the members of the Legislature for their support of NJEFA's efforts to help provide world-class higher education in New Jersey. Most importantly, we recognize the work and dedication of NJEFA's Members and excellent staff. It is through their efforts that, for 40 years, NJEFA has striven to meet the Legislature's directive to help improve "the welfare and prosperity of the people of the state."

NJEFA Board Members


Vivian Altman

Board Chair


Roger B. Jacobs, Esq.

Board Member


Bradley Abelow

Treasurer
State of New Jersey
Ex-Officio


Laurence Downes

Chair, Commission on Higher Education
Ex-Officio

FELICE K. VAZQUEZ, NJEFA Member, is not pictured.

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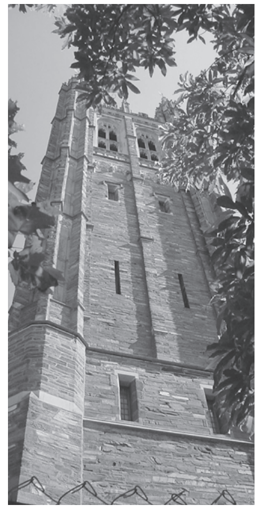
  

Financing New Jersey Higher Education 1966-2006

Growing Demand and Value

2006 was the 40th anniversary of the New Jersey Educational Facilities Authority, as well as the busiest year in its history—the first year we issued more than $1 billion of securities. This record, which we expect will last just one year, testifies to the continued and growing need for NJEFA financing assistance.

In the most recent academic year, New Jersey higher education enrolled more than 385,000 full and part-time students and awarded over 65,000 degrees and certificates. Since the turn of the millennium, enrollment is up almost 15%, and the number of degrees and certificates awarded is up almost 25%. These numbers reflect the importance of higher education in and to New Jersey, where one-third of adults hold at least a bachelor's degree, 10th highest among the 50 states.

ENROLLMENT VS. DEGREES

	TOTAL ENROLLMENTS	TOTAL DEGREES/ CERTIFICATES
2000	335,930	52,579
2001	346,653	53,205
2002	361,757	55,866
2003	372,696	58,277
2004	379,447	61,428
2005	379,686	64,007
2006	385,612	65,105
CUMULATIVE INCREASE	49,682 (14.79%)	12,526 (23.82%)

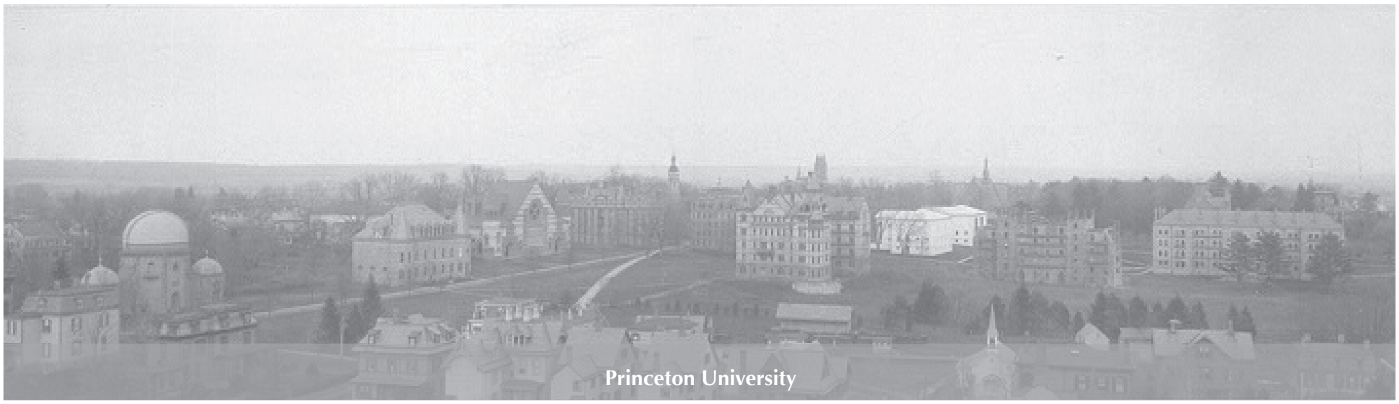
According to the National Center for Public Policy and Higher Education, that high level of educational achievement has caused total personal income in New Jersey to be 14% higher than the national average. In the 2000 census, New Jersey had the highest household income in the nation and the second highest per capita income.

The Legislature that created NJEFA said that higher education is essential to "the welfare and prosperity of the people of the State." A recent survey in *The Economist* called higher education the "engine of the knowledge economy." In line with that insight and with the Legislature's finding, the State has made world-class higher education one of

The Brothers College Clock Tower at Drew University is a landmark for students and alumni alike.

An interior view of Alexander Kasser Theater at Montclair State University is shown here.

Holder Hall at Princeton University has been renovated with funds provided through NJEFA bonds.



Princeton University

the six priorities in its Economic Growth Strategy. Meeting the growing capital needs of world-class higher education, in our ever-more technologically demanding world, is NJEFA's continuing mission.

NJEFA's Creation

We are using the milestone of our 40th anniversary to review the circumstances that led to NJEFA's creation, changes since 1966 and the challenges that lie ahead.

New Jersey was rather late to public higher education. Like most of the old colonial states, New Jersey relied heavily on private higher education. Princeton, founded in 1746, and Rutgers, founded in 1766 as a private entity, are the nation's 4th and 8th oldest institutions of higher education, respectively.

Queen's College

After World War II, several factors combined to cause higher education enrollment to mushroom across the country. Among these were the GI Bill, giving opportunities to millions of veterans to improve their economic positions; the general prosperity of the post-war years, allowing more people to take time to study; the rapid technological advances precipitated by the war, increasing the demand for educated workers; and, of course, the baby boom, creating even more students to follow in the veterans' wake.

New Jersey's population grew 25% in the 1950s and another 18% during the 1960s. At the same time, the percentage of New Jersey high school graduates attending college grew from 24% in 1947 to 44% in 1965. From 1954 to 1966, total enrollment in New Jersey's colleges and universities grew 167%, from 46,000 students to almost 125,000.

Growing numbers of applicants combined with limited space to constrain academic choice for many New Jersey students. As a result, more high school graduates attended colleges out of state than in New Jersey. In 1965, there were approximately 30,000 places for students in New Jersey's public institutions, while more than 60,000 students went out of state for college. New Jersey ranked 49th nationally in the percentage of its residents educated within the State.

The imbalance revealed a system that was under-funded and under-built. In 1963, New Jersey's per capita spending on public higher education was only 55% of the national average, ranking us 48th among the states, despite the fact that we ranked 7th in per capita income. That same year, Governor Richard Hughes appointed a Citizens Committee for Higher Education in New Jersey. The Committee published *A Call to Action* in 1966 which

Princeton University was founded in 1746 as the College of New Jersey.

Rutgers University was founded in 1766 as Queen's College.


Governor Richard Hughes

"What is at stake here is the future of generations of New Jersey's young citizens, and therefore, the very future of the State itself. Our State's economic and social potential are bound closely to a well-educated vigorous citizenry."

stated, "[T]he word 'crisis' is not too strong for the plight of public higher education in New Jersey. Both quantitatively and qualitatively the present system is inadequate for the tasks at hand." Among other suggestions, the Committee recommended the creation of the Authority, based on the model of the Dormitory Authority of the State of New York.

Governor Hughes agreed and said, "What is at stake here is the future of generations of New Jersey's young citizens, and therefore, the very future of the State itself. Our State's economic and social potential are bound closely to a well-educated vigorous citizenry."

The Legislature concurred, and it described the need for, and the mission of, the Authority as follows:

> [A] serious public emergency exists affecting and threatening the welfare, comfort, health, safety and prosperity of the people of the state . . . resulting 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; that it is essential that this and future generations of youth be given the fullest opportunity to learn and to develop their intellectual and mental capacities . . . and that it is the purpose of this [Act] to provide a measure of assistance . . . to enable institutions of higher education in the state to provide the facilities which are sorely needed to accomplish the purposes of this [Act], all to the public benefit and good.

The Authority came into existence on June 16, 1966, when Governor Hughes signed Senate Bill 415, sponsored by Senators Keegan and O'Connor. On September 27, 1966, the Authority held its first meeting. Governor Hughes was present and spoke about the importance of the Authority to the future of higher education in New Jersey. The members elected Richard Macgill to serve as the Authority's first Chair.


Richard Macgill

The members next appointed John Mitchell, in the pre-Watergate infamy stage of his career, as bond counsel. Mitchell had been retained earlier by the State Legislature and had worked with the Attorney General's Office in drafting the Authority's enabling legislation. He also prepared the Authority's first by-laws.

On May 11, 1967, the members appointed Edward J. Bambach to serve as the Authority's first Executive

Governor Hughes signed Senate Bill 415 on June 16, 1966, creating the NJEFA.

On September 27, 1966, the newly appointed members of the Authority elected Richard Macgill as NJEFA'S first Chair.

Director. Bambach presided over the operations of the Authority for 25 years, during which time he forged a tradition of client service that we honor today.

Edward J. Bambach

NJEFA's First Financings

Despite its formation and organization, the Authority was not able to begin financing projects. At the Authority's second meeting, Mitchell raised certain constitutional questions that, if not addressed, would prevent him from being able to deliver the approving opinions necessary for the issuance of Authority securities.

Mitchell then orchestrated a lawsuit in which the Authority's two *ex-officio* members sued each other. On June 28, 1968, the New Jersey Supreme Court determined that the Authority's Act was constitutional as it related to financing projects for public and private, non-sectarian institutions, and later the court approved financing for sectarian institutions.

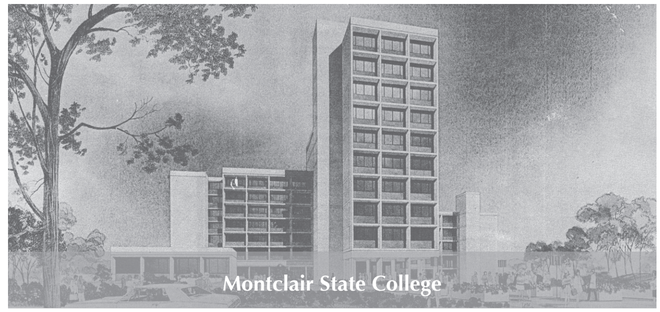
Finally, on March 25, 1969, NJEFA started to answer the needs identified by the Legislature when it completed its first financings: $5 million in bond anticipation notes for Montclair State College (now Montclair State University), $9.4 million of similar notes for Trenton State College (now The College of New Jersey) and $4 million of such notes for Rider College (now Rider University). These first financings set the tone for our efforts to serve both public and private institutions and their students.

By the end of our first decade, NJEFA had completed more than $392 million in financings for 28 projects comprising 90 buildings at 16 colleges and universities.

Challenges, Changes and Growth

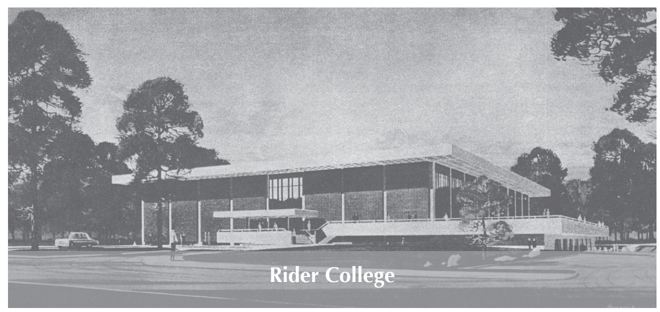
In the 1980s, the Authority and its clients encountered the challenges of high interest rates and federal attempts to restrict the flow of tax-exempt debt. Bambach was active in the debate that preceded the Tax Reform Act of 1986, and that experience led him to work with other states to found the National Association of Higher Education Facilities Authorities in 1988. Bambach was the organization's first president.

In 1985, Governor Thomas Kean signed the State College Autonomy Act. This Act was the first step in the deregulation of public colleges and universities. It shifted operational control of public institutions from the Department of Higher Education to the colleges and universities themselves. Some of the responsibilities shifted included control over the institutions' missions, selection of their presidents, establishment of admissions policies and degree requirements, and some control over



Montclair State College

Trenton State College



Rider College

On May 11, 1967, Edward J. Bambach was appointed to serve as the Authority's first Executive Director.

Montclair Sate College received $5 million in bond anticipation notes in 1969 for this residence hall.

NJEFA financed this twin tower dormitory for Trenton State College in 1969.

A student center at Rider College was also among NJEFA's first financings.

their financial affairs including setting tuition and fees and managing endowments.

The Authority's enabling legislation was structured around the idea that the Authority would help public institutions finance revenue-generating facilities, such as dormitories, while the State would continue to finance non-revenue-generating facilities, such as academic buildings. Lack of State funds combined with public college autonomy to change that concept. In 1988, the Legislature and Governor Kean gave the Authority the power to finance non-revenue-producing facilities for the public institutions, a power that had existed since 1966 for private colleges.

The Legislature expanded the powers of the Authority several more times during the 1990s, approving state-backed bond programs to provide grants or subsidies for various kinds of capital projects. These were the Higher Education Equipment Leasing Fund Program and the Higher Education Facilities Trust Fund Program in 1993; the Higher Education Technology Infrastructure Fund Program and the County College Capital Projects Fund Program in 1997; the Higher Education Capital Improvement Fund Program and the Public Library Grant Fund Program in 1999; and the Dormitory Safety Trust Fund Program in 2000.

As we celebrated our 20th anniversary in 1986, we exceeded the $1 billion milestone in total financings for our clients. Twelve years later, that figure had tripled as we reached over $3 billion by 1998. In 2000, the Authority's total reached $4 billion.

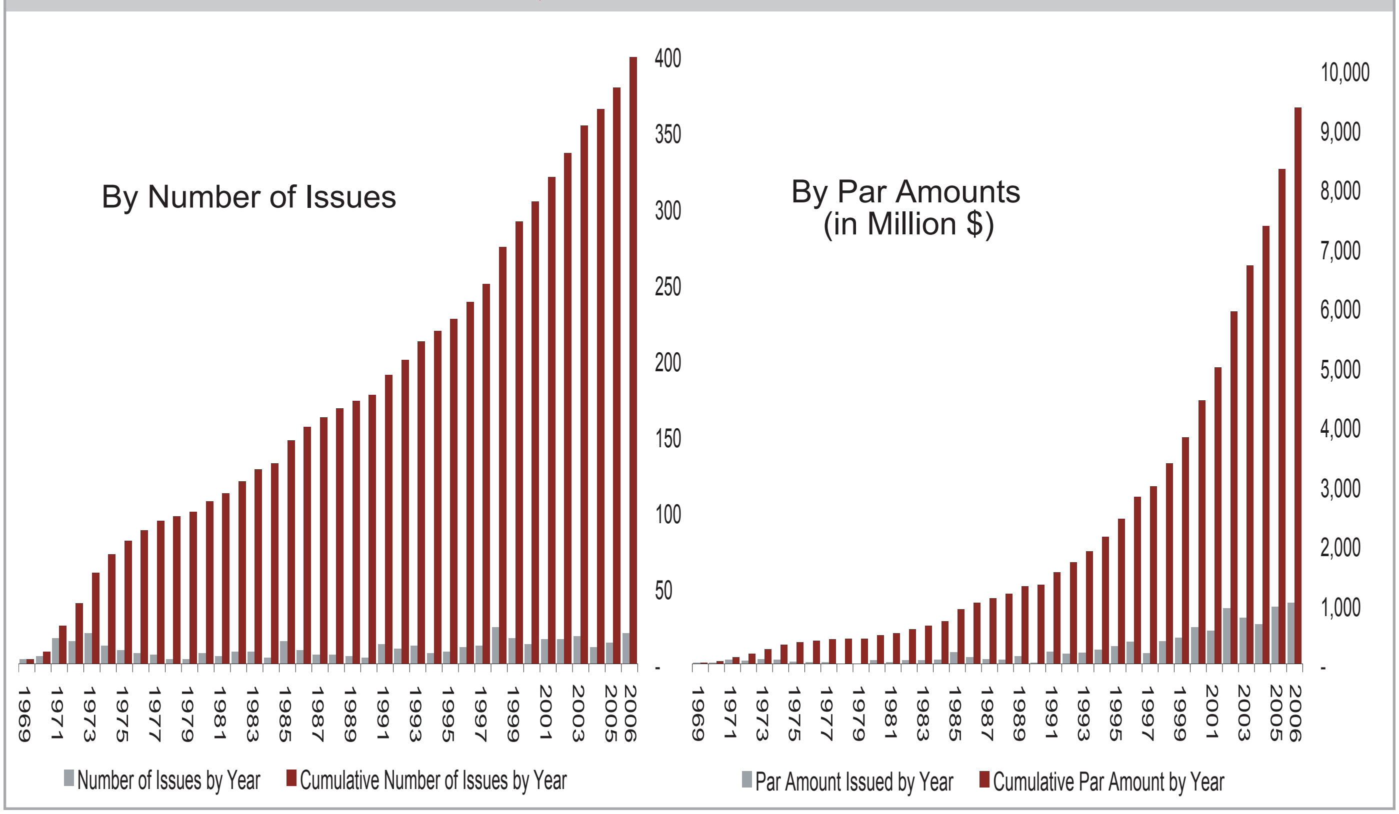
NJEFA's Business Rate at Historic Levels

Since then, the Authority's business has grown at an even faster rate. Issuance over the last seven years has brought our total to more than $9.3 billion as of December 31, 2006. Approximately $5.9 billion or 63% has been issued since 2000.

NJEFA financings from 2003 through 2006 have financed, among others, the following projects:

- 26 student residence projects, including 15 new dormitories
- 39 academic buildings, including 16 new facilities

NJEFA BONDS ISSUED



- 14 new or substantially renovated student life and recreational facilities
- 8 athletic facilities
- 2 new libraries
- 12 major parking or campus grounds projects
- 20 major infrastructure and deferred maintenance projects

The growth in our business has been part of a national trend. Higher education's share of the national municipal finance market has more than doubled over the last 12 years. In 2005 alone, national tax-exempt financings for new higher education projects exceeded $24 billion. Low interest rates have helped fuel some of the growth, particularly in refunding transactions that enabled institutions to save millions in interest costs.

NJEFA's activity has grown over 40 years, but the market forces and challenges that drive our growth have not changed. Rising student demand, insufficient capacity, limited government support, and evolving workforce needs require that colleges and universities adjust to serve ever more students in ever-more sophisticated facilities.

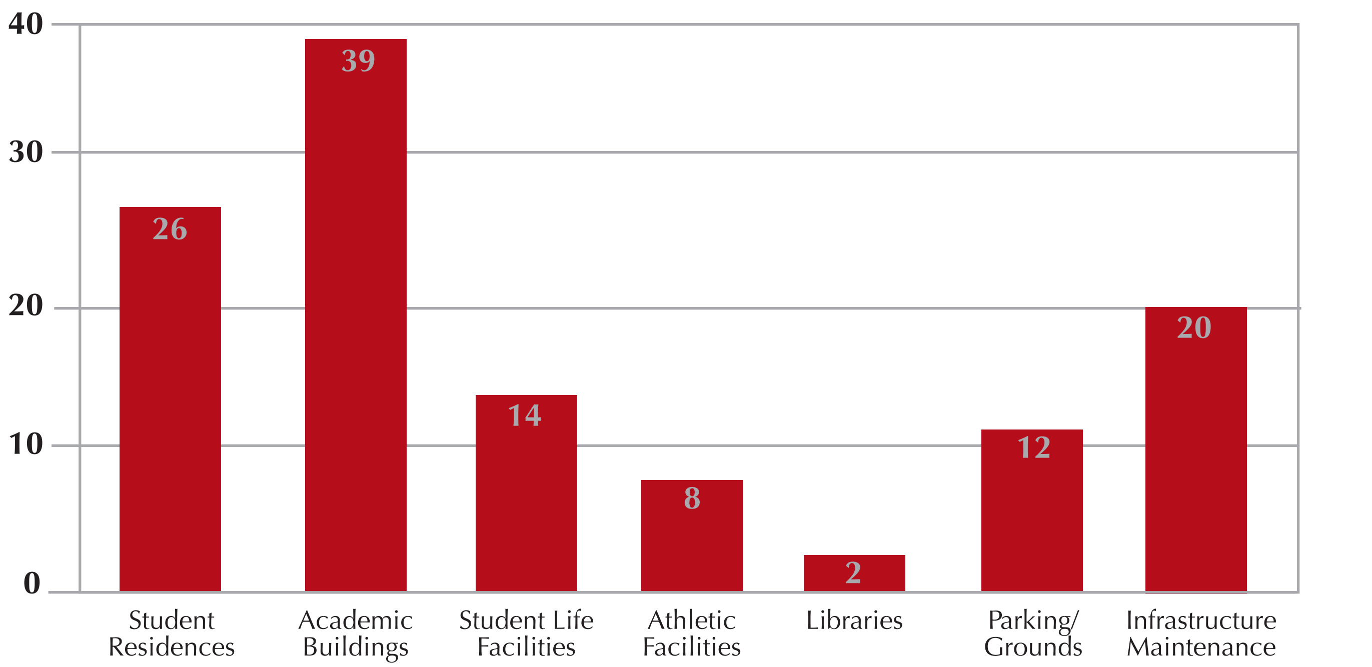
As the institutions have grown to serve more students, they have also expanded their missions. The senior public institutions are no longer just teacher colleges. They have made themselves into full service institutions. Similarly, they are no longer commuter colleges. Over the last ten years, the residential population at the public colleges has increased by almost 40%.

These market forces have caused NJEFA's activity to soar. Our 40th year set a record as we topped $1 billion in financings for the first time. During 2006, we completed $361,555,000 in new project financing and $649,276,657 in refundings that generated net present value savings of approximately $25 million.

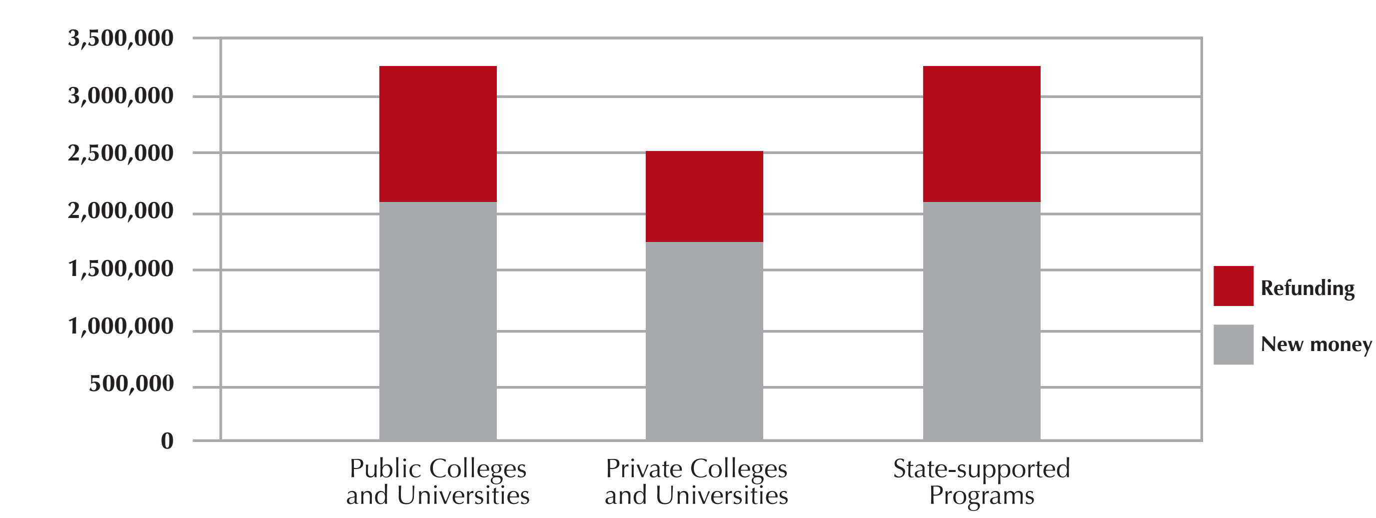
The year's 20 transactions included these 19 stand-alone deals for more than $855 million:

- New Jersey City University - $5,950,000
- Ramapo College of New Jersey - $155,905,000 (2 transactions)
- Princeton University - $167,575,000 (2 transactions)
- Seton Hall University - $20,750,000
- Fairleigh Dickinson University - $16,652,544 (2 transactions)
- Felician College - $11,445,000

NJEFA-FINANCED PROJECTS: 2003 - 2006



DEBT ISSUED BY SECTOR: 1986 - 2006



- Montclair State University - $262,170,000 (3 transactions)
- Institute for Advanced Study - $29,600,000
- Caldwell College - $21,400,000
- The Richard Stockton College of New Jersey - $50,365,000
- Centenary College - $9,154,113
- Rowan University - $89,405,000 (2 transactions)
- College of Saint Elizabeth - $15,000,000

We also completed a $155,460,000 refunding under the state-backed Higher Education Capital Improvement Fund Program.

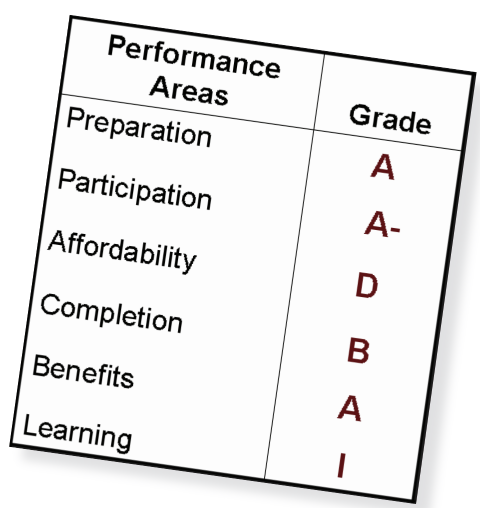
We continued our client outreach, hosting Authority meetings at Kean University, Centenary College and the Institute for Advanced Study. In November, we hosted our ***5th Annual Conference on Higher Education Finance***. The Conference was widely attended and provided participants with continuing education credits in accounting, finance and law.

Demand Grows as Affordability Erodes

Last year also saw the National Center for Public Policy and Higher Education publish *Measuring Up 2006,* a report that evaluated higher education state-by-state and internationally. *The Economist* called America's the most successful system of higher education in the world. *Measuring Up*, however, warned that the United States is at risk of losing its global leadership. For example, while the U.S. ranks 2nd among OECD nations in the percentage of adults aged 35 to 64 who hold a college degree, we fall to 7th place in the percentage of those aged 25 to 34 with a degree. That analysis does not even include the tremendous improvement developing countries such as India and China are making in educating their youth.

New Jersey's worst grade in *Measuring Up* was for affordability. The State is among the top in providing financial aid, but the report said that aid increasingly falls short against the rising costs of a college education,

NEW JERSEY'S REPORT CARD



at the same time that a college education is increasingly important.

Measuring Up observed:

> The nations, states and communities that are most successful in developing human talent, particularly college-level knowledge and skills, will enjoy significant advantages. Conversely, those . . . that fall behind educationally are likely also to fall behind in competing for good jobs and in achieving or maintaining high standards of living.

Measuring Up warned that the affordability challenge in New Jersey, particularly the resulting participation disparities based on income and ethnicity, could, if not addressed, "limit the state's access to an educated, competitive workforce and weaken its economy over time."

New Jersey's population is still growing. The State today has approximately 8.7 million residents, a number that is expected to grow to 9.3 million by 2015 and 9.8 million by 2030. The National Center for Public Policy and Higher Education projects that the number of New Jersey high school graduates will continue to grow through at least 2020.

The State is not yet prepared to deal with this growing population. More New Jersey high school graduates go on to college than do those from most other states, but, in 2002, only 36% of New Jersey's high school graduates who went on to college did so in-state, compared to the national average of 47%. The National Center for Education Statistics ranks New Jersey #1 in net student out-migration.

NJEFA is a More Valuable Partner than Ever

New Jersey's higher education institutions compete globally for students, faculty and resources. They work constantly to build the facilities to attract and prepare students for the technologically advanced economy of the 21st century. In these circumstances and this time of limited public investment, NJEFA is a more valuable partner than ever before for colleges that need to borrow effectively today to build for tomorrow. The capital access provided by NJEFA each year is a significant part of New Jersey's effort to identify, understand and provide the resources to develop the facilities that in turn develop the human talent on which economic prosperity and societal progress depend. These facilities stand as testament not only to NJEFA's success, but also to the foresight of Governor Hughes and the Legislature back in 1966 to expand educational opportunities by providing facilities for the public benefit and good.

"The surest measure of government's concern for the development of a state, . . . is the support of its educational institutions. . . "

Richard Hughes
Governor, State of New Jersey
1962-1970

Governor Hughes said that:

> The surest measure of government's concern for the development of a state, as well as the personal growth of each individual citizen, is the support of its educational institutions. . . . A new emphasis must be given to higher education. . . . Our youth should be encouraged to seek the best education from which they, as individuals, can profit. And this profit accrues to the individual, but also to the state and to the nation.

This is the vision that has driven NJEFA for four decades and to which we remain dedicated. Higher education is even more important now to "the welfare and prosperity of the people of the state" than it was 41 years ago, and higher education institutions' need for facilities to provide that education remains just as important. NJEFA will continue to help colleges and universities in New Jersey build the teaching, research, housing and student life facilities they need to be competitive, to fulfill the higher education needs and expectations of New Jersey, and to create the graduates who carry the State's future prosperity and advancement on their shoulders.


Education and Professional Studies Building

NEW JERSEY CITY UNIVERSITY

Series 2006 C

NJEFA completed its first transaction in 2006 with the sale of $5,950,000 federally taxable, refunding bonds on behalf of New Jersey City University. Structured as 7-day Auction Rate Securities, the Series 2006 C bonds advance refunded a portion of the Authority's outstanding Series 1999 B bonds and refinanced a commercial bank loan.

John J. Moore Athletics and Fitness Center

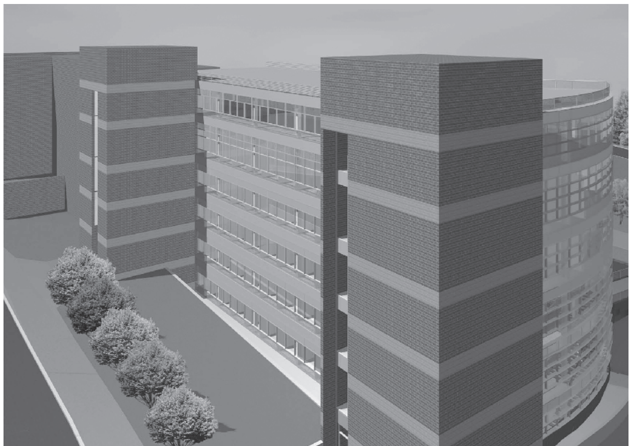
The Series 1999 B bonds were originally issued to refund the Series 1992 D and Series 1995 A bonds. The Series 1992 D bonds financed a portion of the construction, development and equipping of an academic building and an athletic and recreation center. The Series 1995 A bonds originally financed the acquisition of land and buildings adjacent to the University for development of an academic building, parking, storage and maintenance facilities.

The commercial bank loan originally helped the University to finance the acquisition of a 21-acre parcel of land, formerly known as the Baldwin Street Plant, for the development of its West Campus that includes academic teaching facilities, academic offices, primary and secondary schools, housing and retail spaces.

The Series 1992 D bonds helped finance the Education and Professional Studies building.

Construction of the John J. Moore Athletics and Fitness Center was also financed through the Series 1992 D bonds.

Project Summaries for 2006 financings



Anisfield School of Business (rendering)

The Overlook

Ramapo College of New Jersey

Series 2006 D and Series 2006 I

Two transactions were completed in 2006 for Ramapo College of New Jersey with the sale of a combined total of $155,905,000 bonds to finance new capital projects and to refund certain outstanding debt.

The first of these transactions was the issuance in March of the Series 2006 D bonds in the amount of $ 49,085,000. Structured as a traditional fixed rate transaction and bearing a true interest cost of 4.52%, the issue helped the College finance new campus facilities to address growing student enrollment and student housing demand. Among the projects financed was the construction of an 86,000-square-foot academic building to house the College's Anisfield School of Business and completion of a 2,400-square-foot Sustainability Education Center that will demonstrate how green buildings work using natural daylight and ventilation, recycled and environmentally friendly materials, water conservation systems and super-insulation. Other projects include the completion of the College's Phase VIII Housing, Phase IX Housing, and a parking garage.

The second transaction was the fixed-rate sale in November of the Series 2006 I bonds in the amount of $106,820,000. Proceeds of these bonds advance refunded a portion of the Authority's outstanding Series 2001 D, Series 2002 H, Series 2002 I, Series 2002 J, Series 2004 E and Series 2006 D bonds. The Series 2006 I bonds carried a true interest cost of 4.42% and provided Ramapo with net present value savings of more than $3.5 million.

Laurel Hall

The Anisfield School of Business building was financed through the Series 2006 D bonds.

The Overlook is part of the college's Phase VIII housing project.

Construction of Laurel Hall was part of Phase IX Housing on the Ramapo Campus.

Project Summaries for 2006 financings

Hamilton Hall

Dickinson Hall

Princeton University

2006 Series D and 2006 Series E

Two bond sales were completed in 2006 on behalf of Princeton University. These transactions provided a combined total of $167,575,000 bonds to help the University finance various capital projects on its main and Forrestal campuses and to refund certain outstanding debt of the University.

The first of these transactions was the competitive sale in May of the 2006 Series D bonds in the amount of $74,290,000. The bonds were sold at fixed rates and carried a true interest cost of 4.39%. Proceeds from the sale financed major maintenance projects, capital equipment purchases, renovation and repair of buildings and facilities including utility, roads and grounds, and new construction of academic, administrative and student facilities as part of its comprehensive facilities plan.

School of Architecture (rendering)

Major project components financed included dormitory renovations to Hamilton and Madison Halls and renovations to the School of Architecture, Stanhope Hall and Dickinson Hall. These renovations were intended to bring the various facilities up to current code and functionality standards as well as to improve energy efficiency with the installation of sophisticated energy control systems and energy technologies, such as solar energy, to continue to lessen the University's use of carbon dioxide producing fossil fuels.

The second transaction was the sale in August of the 2006 Series E bonds in the amount of $93,285,000. Proceeds from this sale financed the advance refunding of a portion of the Authority's outstanding 1999 Series A, 2000 Series H, 2003 Series E, 2004 Series D and 2005 Series B bonds issued on behalf of the University. The 2006 Series E bonds were sold at fixed rates, carried a true interest cost of 4.50% and generated nearly $2.8 million in net present value savings for the University.

Hamilton Hall was a major component financed in the first 2006 bond transaction.

Renovations to Dickinson Hall were financed through the 2006 Series D bonds.

The School of Architecture renovations were also financed using funds from the 2006 Series D bonds.

Project Summaries for 2006 financings

Seton Hall University Law School

Seton Hall University

2006 Series A

NJEFA sold $20,750,000 revenue refunding bonds in May on behalf of Seton Hall University. The 2006 Series A bonds were a current refunding of the Authority's outstanding 1996 Series, Project E bonds.

In anticipation of this transaction in 2005, the University entered into a Forward Starting Swap Agreement in August of 2005 to lock in the rate of interest that the University would pay upon the issuance of the 2006 Series A bonds. Structured initially as 7-day Auction Rate Securities and swapped to a fixed rate of 3.43%, the transaction provided the University with estimated net present value savings of nearly $2.5 million, or 12.56% of refunded par.

Boland Hall

The 1996 Series, Project E bonds refunded by this transaction originally refinanced the 1989 Series, Project C bonds that provided new capital to help the University construct its 200,000-square-foot law school in downtown Newark, renovate Boland Hall dormitory, and construct a parking garage.

Construction of the Seton Hall Law School was financed through the 1989 Series, Project C bonds.

Boland Hall, a dormitory, was renovated with funds from the 1989 Series, Project C bonds.

Project Summaries for 2006 financings

Park Avenue Residence Halls

Fairleigh Dickinson University

2006 Series G and 2006 Series H

In June, two series of refunding bonds were issued for Fairleigh Dickinson University in the combined total of $16,652,544. Structured as a direct purchase, the 2006 Series G and 2006 Series H bonds were issued at an initial interest rate of 4.95% for 15 years, at which time the rate will be reset. The transaction provided the University with combined net present value savings estimated at $551,612.43 or 3.34% of the refunded par.

The 2006 Series G bonds, in the principal amount of $14,505,000, advance refunded all of the Authority's outstanding 1998 Series G bonds. These bonds were originally issued, in part, to finance the acquisition and construction of a new dormitory at the University's College at Florham Campus, which is known today as the Park Avenue Residence Halls.

The 2006 Series H bonds, in the amount of $2,147,544, refinanced a 1997 United States Department of Education Loan that originally funded improvements to the Mansion on the University's College at Florham Campus. The bonds also refinanced a 2004 Athletic Field Term Loan from a commercial bank that originally financed the acquisition of equipment used in connection with an outdoor athletic facility also located on the College of Florham Campus.

The 1998 Series G bonds originally financed the Park Avenue Residence Halls.

Project Summaries for 2006 financings

Iviswold Castle at the Rutherford Campus

Felician College

2006 Series I

In June, $11,445,000 refunding bonds were issued on behalf of Felician College. The 2006 Series I bond transaction was a direct purchase and structured with a floating to fixed interest rate swap on the entire issue to allow the College to lock in a long-term fixed rate of 4.703%. The issue provided an estimated net present value savings to the College of $1,073,795.

Sammartino Hall

The transaction refunded all of the Authority's outstanding 1997 Series D tax-exempt and federally taxable bonds. These refunded bonds were originally issued to finance the acquisition and renovation of land and buildings on the Rutherford campus to be used for academic, athletic dormitory, athletic and student facilities for the College and to refund all of the Authority's outstanding 1996 Series A revenue bonds.

Iviswold Castle, a campus landmark, was renovated using funds from the 1997 Series D bonds.

The 1997 Series D bonds also financed the acquisition of the Rutherford campus including Sammartino Hall.

PROJECT SUMMARIES FOR 2006 FINANCINGS

Student Recreation Center (rendering)

MONTCLAIR STATE UNIVERSITY

Series 2006 A, Series 2006 B and Series 2006 J

Three series of fixed rate bonds were issued in 2006 on behalf of Montclair State University. The Series 2006 A revenue bonds, the Series 2006 B refunding bonds, and the Series 2006 J revenue refunding bonds, provided a combined total of $262,170,000 to finance new capital projects and to refund certain outstanding debt.

The Series 2006 A bonds, sold in June in the amount of $98,090,000, helped the University to finance various capital projects. These included the construction of a new student recreation center, a 200-space parking structure and renovation of Panzer Gymnasium. Also financed were an addition to and renovation of Chapin Hall and renovations to Finley and Mallory Halls, all of which are academic buildings on campus.

University Hall

The Series 2006 B bonds in the amount of $9,970,000 financed the current refunding of the Authority's outstanding Series 1996 C and Series 1996 D bonds. The transaction provided the University with net present value savings of $342,980 or 2.95% of refunded par.

In December, the Series 2006 J bonds were sold in the amount of $154,110,000. This transaction advance refunded the Series 1997 D and Series 2001 F bonds and a portion of the Series 2002 F, Series 2003 E and Series 2003 L bonds. The issue carried a true interest cost of 4.30% and provided net present value savings to the University of $6,194,157 million or 4.05% of refunded par.

The Series 2006 A bonds helped the University to finance various capital projects including a new student recreation center.

University Hall was originally financed through the Series 2003 L bonds.

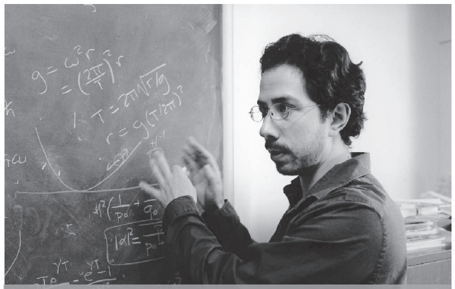
Project Summaries for 2006 financings

Member Housing

Institute for Advanced Study

2006 Series B

A private placement of $29,600,000 bonds was completed in July on behalf of the Institute for Advanced Study. The 2006 Series B issue was structured as a variable rate transaction with a floating-to-fixed rate swap of 3.77% on the bonds. The transaction provided the Institute with an estimated net present value savings of $2,089,452, or approximately 7.39% of refunded par.



School of Natural Sciences Member

The bonds advance refunded a portion of the Authority's outstanding 1997 Series G and 2001 Series A bonds. These issues originally financed various capital projects including the renovation of member housing and the construction and equipping of a building for the School of Natural Sciences, respectively.

Member housing was renovated through the 1997 Series G bonds.

Student Residence Hall (rendering)

Caldwell College

2006 Series F

In July, $21,400,000 bonds were sold on behalf of Caldwell College. The bonds were initially issued as variable rate demand obligations (weekly mode) with a swap to a fixed rate of 4.05%.

The 2006 Series F bonds financed the construction of a new 200-bed student residence hall. Completion of this project will help the College to meet its institutional plans to increase residential life by approximately 300 students over the next three to five years and to provide campus housing for approximately 50% of its student population.

The bonds also refunded all of the Authority's outstanding 1995 Series A and 2000 Series B bonds. The issue provided the College with net present value savings estimated at $442,688, or 10.89% of refunded par. The 1995 Series A bonds were originally issued to refund certain outstanding notes issued by the Authority for various educational facilities of the College. The 2000 Series B bonds were also issued to finance the cost of improvements to educational facilities.

The 2006 Series F bonds financed the construction of a new 200-bed student residence hall.

Project Summaries for 2006 financings

Housing V Phase I Dormitory (rendering)

The Richard Stockton College of New Jersey

Series 2006 F

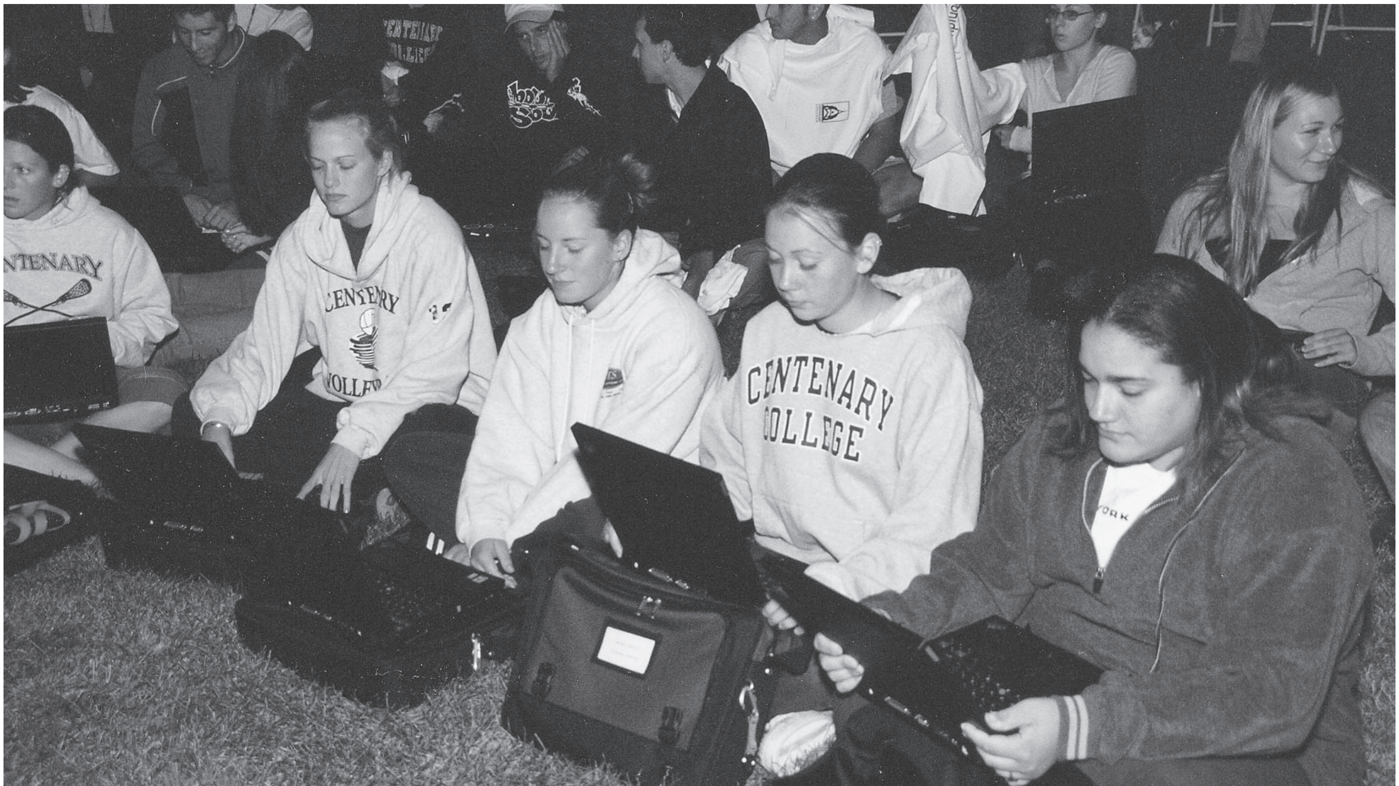
NJEFA sold $50,365,000 bonds in September in its Series 2006 F issue on behalf of The Richard Stockton College of New Jersey. The bonds were sold at fixed rates and carried a true interest cost of 4.46%.

This transaction provided funding for various capital projects that included construction of Housing V Phase I, a new 250-bed dormitory with surface parking to house the growing number of students residing on campus. Two major energy conservation projects were also financed including the installation of an Aquifer Thermal Energy Storage System and a 1.6 mega watt Wind Turbine. The College estimates that these conservation projects will save them an estimated $350,000 annually in energy costs and will help reduce pollution.

Renovation of the College's Holocaust Resource Center and Alton Auditorium were also financed with these bonds. Improvements to the Holocaust Resource Center will include a new 961-square-foot addition. Alton Auditorium, a 5,470-square-foot building which is used as a lecture hall with seating for 225 people, has not been renovated since initial occupancy in 1971. Once renovations are complete, the Auditorium will feature new seating, a new vestibule and reception area, and upgrades to the lighting and acoustical systems.

The Series 2006 F bonds financed various capital projects including the construction of the Housing V Phase I dormitory.

Project Summaries for 2006 financings



Centenary College

Centenary College

2006 Series J

A direct purchase financing of $9,154,113 bonds was completed in October on behalf of Centenary College. The 2006 Series J bonds were issued at variable rates with a swap to a fixed rate of 5.265%.

The transaction provided the College with funds to refinance a commercial bank loan. The bank loan originally helped the College to finance the construction and equipping of a 124-bed student residence hall located on campus.

Higher Education Capital Improvement Fund

Series 2006 A

In October, NJEFA issued $155,460,000 refunding bonds on behalf of the state-supported Higher Education Capital Improvement Fund (HECIF) program. The Series 2006 A bonds refunded portions of the Authority's outstanding Series 2000 A, Series 2000 B, Series 2002 A and Series 2004 A bonds issued on behalf of the HECIF program. The bonds were issued at fixed rates, carried a true interest cost of 4.42% and generated $4,438,363 in net present value savings.

Enacted by legislation in 1999, the HECIF program authorized NJEFA to issue up to $550 million in bonds for partial grants to New Jersey's public and private colleges and universities for preservation, maintenance, improvement and expansion of their facilities and technology infrastructure.

Project Summaries for 2006 Financings

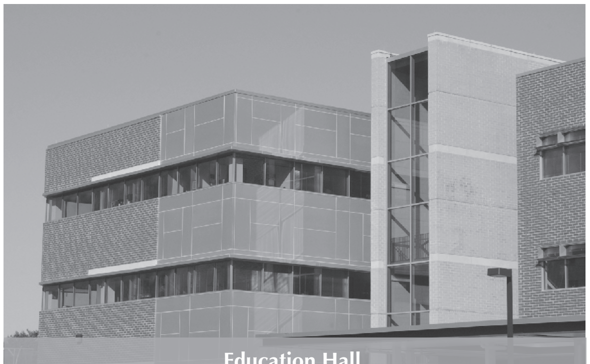
The Townhouses

Rowan University

Series 2006 G and Series 2006 H

Two series of bonds were issued in 2006 on behalf of Rowan University. These transactions provided a combined total par value of $89,405,000 to help the University finance various capital projects and to refund certain outstanding debt.

The first of these transactions was the fixed-rate issuance of the Series 2006 G bonds that were sold in October in the amount of $69,405,000. Bond proceeds financed various renovation projects including utility infrastructure; improvements to roadways, paths and parking lots; deferred maintenance in academic buildings; renovation of buildings; and site improvements. The bonds also advance refunded a portion of the Authority's outstanding Series 2002 K and Series 2003 I bonds. The Series 2006 G bonds carried a true interest cost of 4.32%, and provided the University with net present value savings of $738,003, or 3.33% of refunded par.



Education Hall

The second transaction was the sale in November of the Series 2006 H bonds in the amount of $20,000,000. Initially issued as 7-day Auction Rate Securities, these bonds financed several other capital projects including the completion of the construction of student townhouse residences and an academic building, property acquisition and various other renovation and capital improvement projects.

Series 2006 H bonds financed several capital projects including the completion of student townhouse residences.

The completion of the construction of Education Hall was also financed through the Series 2006 H bonds.

Project Summaries for 2006 financings

Annunciation Center (rendering)

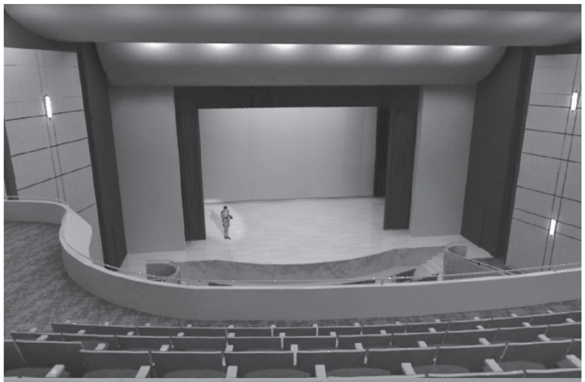
College of Saint Elizabeth

2006 Series K

NJEFA completed its last transaction of 2006 in December with the sale of $15,000,000 bonds on behalf of the College of Saint Elizabeth. The bonds were initially issued as 7-day Auction Rate Securities. Subsequent to the sale, the College entered into two separate interest rate swaps in early 2007 to manage potential interest rate risk on portions of its variable rate bonds.

The 2006 Series K bonds helped the College finance the construction of the Annunciation Center, a new 44,000-square-foot fine and performing arts center. The Center is the first new building constructed on campus since 1969 and will feature a completely wireless environment and state-of-the-art technology in every classroom. Once complete, the Center will house the music, art and theology departments along with the Center for Theological and Spiritual Development, a 560-seat performance hall, an art gallery and the Holocaust Education Resource Center. It will also boast a piano lab, five art studios, and a computer lab and will provide instructional and meeting spaces.

The bonds also helped the College to finance a 51-space parking lot, furniture and equipment purchases and improvements to the campus tennis courts, softball fields and soccer fields. Improvements will also be made to classrooms, offices, campus grounds and various other buildings including Mahoney Library, Saint Joseph Hall, Santa Maria Hall, Henderson Hall, Nevin House III and the Archives.



Performance Hall (rendering)

Interior (rendering)

The 2006 Series K bonds financed the construction of the Annunciation Center which will feature a performance hall.

NJEFA Historical Financings

ATLANTIC CAPE COMMUNITY 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
- 2006 Series F: $21,400,000; refunding of 1995 Series A and 2000 Series B bonds, student residence hall

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, refunding of 2000 Series F bonds
- 2006 Series J: $9,154,113; refinancing of a bank loan

COLLEGE OF SAINT ELIZABETH
- 2000 Series C: $12,000,000; facility conversion and renovations to administration building, parking facility expansion
- 2006 Series K: $15,000,000; Fine and Performing Arts Center and various capital projects

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 and 1991 Series C bonds
- 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
- 2004 Series C: $35,285,000; refunding of 1993 Series C bonds
- 2006 Series G and 2006 Series H: $16,652,544; refunding of 1998 Series G bonds and refinancing of various loans

FELICIAN COLLEGE
- 1996 Series A: $2,040,000; academic buildings
- 1997 Series D: $12,550,000; property acquisition and refunding of 1996 Series A bonds
- 1998 Tax-Exempt Lease Purchase: $897,000; telephone/telecommunications equipment acquisition
- 2006 Series I: $11,445,000; refunding of 1997 Series D bonds

GEORGIAN COURT UNIVERSITY
- 1991 Series, Project A: $7,410,000; library and student lounge
- 1998 Series, Project B: $6,455,000; renovations and refunding of 1991 Series, Project A bonds
- 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, refunding of 1980 Series A bonds
- 1997 Series F and 1997 Series G: $42,875,000; renovations to member housing and refunding of 1991 Series B bonds
- 2001 Series A: $11,000,000; School of Natural Sciences, building "D" renovations, capital projects
- 2006 Series B: $29,600,000; partial refunding of 1997 Series G and 2001 Series A bonds

NJEFA Historical Financings

INSTITUTE FOR DEFENSE ANALYSES
- 2000 Series D: $16,695,000; property acquisition, office facility and parking

KEAN UNIVERSITY
- Series 1974 B: $7,960,000; student apartments
- 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; refunding of Series 1991 B bonds
- 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
- Series 2005 B: $101,915,000; property acquisition, academic building, access road, and renovations to President's House, East Campus, guest cottages, and Wilkins Theater, refunding of Series 1993 G bonds

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, refunding of 1988 Series B bonds
- 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, refunding of 1994 Series B and 1994 Series C bonds

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 playfields
- 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: $10,960,000; academic building
- Series 1997 E: $9,965,000; refunding of Series 1991 E bonds
- 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
- 2005 Conversion: $101,925,000; conversion of Series 2002 F and Series 2003 E auction rate bonds to fixed rate
- Series 2006 A: $98,090,000; student recreation center, parking structure, renovations to Chapin, Finley and Mallory Halls and Panzer Gymnasium
- Series 2006 B: $9,970,000; refunding of Series 1996 C and Series 1996 D bonds
- Series 2006 J: $154,110,000; refunding of Series 1997 D and Series 2001 F bonds and partial refunding of Series 2002 F, Series 2003 E and Series 2003 L 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

NJEFA Historical Financings

NEW JERSEY CITY UNIVERSITY, continued
- 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 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
- Series 2005 A: $21,575,000; student union renovations, pedestrian mall, cogeneration plant, technology infrastructure
- Series 2006 C: $5,950,000; partial refunding of Series 1999 B bonds and refinancing of a bank loan

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
- Series 2004 B: $73,530,000; refunding of Series 1994 A and Series 1995 E 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: $8,000,000; academic building
- 1992 Series C: $20,500,000; library addition, renovations to campus center and dormitories, refunding of 1985 Series E bonds
- 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 and refunding of 1996 Series B bonds

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, and a refunding of 1982 Series, Project A
- 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
- 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: 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 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 a portion of Commercial Paper Notes
- 2001 Series B: $100,000,000; renovations and capital improvements
- 2002 Series B: $100,000,000; renovations, refunding a portion of Commercial Paper Notes
- 2003 Series E: $112,510,000; refunding a portion of Commercial Paper Notes
- 2003 Series F: $75,000,000; various new construction and renovations

NJEFA Historical Financings

- 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
- 2004 Series D: $175,000,000; dormitory, residential college, student apartments, other renovations and improvements, and refunding a portion of Commercial Paper Notes
- 2005 Series A: $139,590,000; refunding of 1995 Series C, 1998 Series E, 1998 Series F, 1999 Series A, 1999 Series B, 2000 Series E, 2000 Series H, 2003 Series E and 2004 Series D bonds
- 2005 Series B: $114,645,000; various new construction and renovations
- 2006 Series D: $74,290,000; various new construction and renovations, capital equipment
- 2006 Series E: $93,285,000; partial refunding of 1999 Series A, 2000 Series H, 2003 Series E, 2004 Series D and 2005 Series B bonds

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
- 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, refunding of Series 1976 C bonds
- 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, refunding of Series 1990 A bonds
- Series 1998 H: $2,000,000; campus life renovations and refunding of Series 1979 C bonds
- Series 1998 I: $955,000; technology infrastructure
- Series 1999 E: $19,900,000; residence hall and equipment acquisition
- 2000 Tax-Exempt Lease Purchase: $1,695,300; 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
- Series 2004 E: $53,980,000; student residence hall, parking garage, and other roadway and campus improvements
- Series 2006 D: $49,085,000; academic building, completion of Phase VII housing, Phase IX housing and parking garage, Sustainability Education Center, renovations
- Series 2006 I: $106,820,000; partial refunding of Series 2001 D, Series 2002 H, Series 2002 I, Series 2002 J, Series 2004 E and Series 2006 D 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

NJEFA Historical Financings

THE RICHARD STOCKTON COLLEGE OF NEW JERSEY, continued

- Series 2002 B: $8,340,000; refunding of Series 1992 B and Series 1992 C bonds
- Series 2005 C: $31,150,000; F-Wing and J-Wing academic building renovations, student housing renovations, office building acquisition and renovation, electrical power improvements, refunding of Series 1993 F bonds
- Series 2005 F: $28,180,000; refunding of Series 1996 F and Series 1998 C bonds
- Series 2006 F: $50,365,000; student housing, parking, energy conservation projects, land acquisition, Holocaust Resource Center and Alton Auditorium renovations, electrical upgrades

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 and refunding of 1987 Series B bonds
- 1995 Series B: $4,819,851.19; equipment acquisition
- 2002 Series A: $27,560,000; refunding of 1992 Series D bonds
- 2004 Series A: $14,735,000; student residence hall and recreation center

ROWAN UNIVERSITY

- Series 1971 A: $1,205,000; student apartments
- Series 1974 E: $6,080,000; student union
- Series 1975 B: $580,000; Winans Dining 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
- Direct Loan Program (1999): $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
- Series 2004 C: $61,275,000; Academic building, townhouse complex, cogeneration plant, chiller, student center renovations, and other improvements
- Series 2005 D: $51,840,000; refunding of Series 1997 B and partial refunding of Series 2000 B bonds
- Series 2006 G: $69,405,000; various renovation projects and partial refunding of Series 2002 K and Series 2003 I bonds
- Series 2006 H: $20,000,000; apartment complex, academic building, property acquisition, various renovation projects

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, refunding of 1977 Series A and 1992 Series B bonds
- 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

NJEFA Historical Financings

- 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; refunding of 1988 Series, Project B bonds
- 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 Refunding Series B bonds
- 2001 Series, Project G: $8,740,000; parking facility, additions, dormitory fire suppression project
- 2005 Series C: $57,750,000; McNulty Hall renovations for new Science and Technology Center, property acquisition for student housing, electrical substation, baseball/soccer field improvements
- 2006 Series A: $20,750,000; refunding of 1996 Series, Project E bonds

STEVENS INSTITUTE OF TECHNOLOGY
- 1983 Series A (Collateralized): $5,350,000; dormitory
- 1992 Series A: $18,995,000; athletic/recreation center and refunding of 1983 Series A bonds
- 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
- 2004 Series B: $13,265,000; conversion of 6 brownstones to student residence halls

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, refunding of Series 1994 B and Series 1996 A bonds
- 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
- 2005 Tax-Exempt Lease Purchase: $1,800,000; acquisition of various equipment, furniture and technology infrastructure

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

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY
- Series 1995 B: $143,645,000; academic building
- Series 1999 C: $15,720,000; building acquisition

THE 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; refunding of Series 1985 B bonds
- 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
- Series 2004 A: $30,035,000; two dormitories and roadway construction and improvements
- Series 2005 E: $42,295,000; partial refunding of Series 1999 D, Series 2000 A and Series 2002 E bonds

NJEFA Historical Financings

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 Facilities Trust Fund, Series 2005 A: $90,980,000; refunding of Series 1995 A bonds

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

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
- Higher Education Capital Improvement Fund, Series 2004 A: $76,725,000
- Higher Education Capital Improvement Fund, Series 2005 A: $169,790,000; partial refunding of Series 2000 A, Series 2000 B and Series 2002 A bonds
- Higher Education Capital Improvement Fund, Series 2006 A: $155,460,000; partial refunding of Series 2000 A, Series 2000 B, Series 2002 A and Series 2004 A bonds

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

NJEFA
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY
building futures

FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

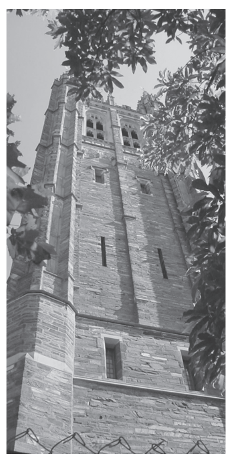
New Jersey Educational Facilities Authority
(A Component Unit of the State of New Jersey)

December 31, 2006

FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

December 31, 2006

NJEFA
NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY



CONTENTS

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Roger L. Anderson
Executive Director

REPORT OF MANAGEMENT

Management of the Authority is responsible for the preparation, integrity, and fair presentation of these financial statements. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States, and, consequently, they reflect certain amounts based upon the best estimates and judgment of management.

The financial statements have been audited by the independent firm of Ernst & Young LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Authority. The independent auditor's opinion is presented on the following page.

The Authority maintains a system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with accounting principles generally accepted in the United States, that assets of the Authority are properly safeguarded, and that the covenants of all financing agreements are honored. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

Consistent with Executive Order No. 122, the Authority, through its Audit and Evaluation Committees, engages the independent auditors. The Audit and Evaluation Committees comprise individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with both the independent auditors and the internal auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. Both the independent auditors and the internal auditors have unrestricted access to the Audit Committee.

Roger L. Anderson
Executive Director

Donald D. Uyhazi
Controller

March 9, 2007

ERNST & YOUNG

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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, 2006 and 2005, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, 2006 and 2005, 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.

As discussed in Note 5, during 2006, the Authority adopted Governmental Accounting Standards Board Statement No. 45 "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*"

Management's discussion and analysis and the schedule of funding progress, on pages 38 to 40, and page 51, respectively, are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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.

Ernst + Young LLP

March 9, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2006

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, 2006 and the two immediately preceding years. 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 2005, the Authority paid $2,500,000 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 2005 was a negative $1,092,226. The change in net assets excluding that reimbursement would have been a positive $1,407,774.

Adoption of GASB No. 45

In 2006, as more fully described in Note 5, the Authority adopted the accounting provisions of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" This change and the related actuarial assumptions and elections resulted in an increase in the actuarial accrued liability of $874,641 and a 2006 provision for postemployment benefits in the amount of $1,069,835. The Authority conservatively elected to amortize the increase in the actuarial accrued liability in the current year.

Consequently, the Authority's operating income and change in net assets for 2006 were $346,746 and $681,455, respectively. Operating income and change in net assets excluding this provision would have been $1,416,581 and $1,751,290, respectively.

Condensed Financial Information

The following table represents condensed balance sheet information and shows the changes between December 31, 2005 and December 31, 2006 and between December 31, 2004 and December 31, 2006:

	2006	2005	2004	Increase (Decrease) 2005 to 2006	Increase (Decrease) 2004 to 2006
Current assets	**$ 9,242,534**	$ 7,527,476	$ 8,132,885	22.78%	13.64%
Noncurrent assets	**274,089**	326,813	300,177	(16.13%)	(8.69%)
Total assets	**9,516,623**	7,854,289	8,433,062	21.16%	12.85%
Current liabilities	**273,500**	250,367	147,837	9.24%	85.00%
Noncurrent liabilities	**2,390,529**	1,432,783	1,021,860	66.85%	133.94%
Total liabilities	**2,664,029**	1,683,150	1,169,697	58.28%	127.75%
Total net assets	**$ 6,852,594**	$ 6,171,139	$ 7,263,365	11.04%	(5.66%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and shows the changes between 2005 and 2006 and between 2004 and 2006:

	2006	2005	2004	Increase (Decrease) 2005 to 2006	Increase (Decrease) 2004 to 2006
Operating revenues:					
Administrative fees	**$ 4,037,789**	$ 3,763,905	$ 3,435,571	7.28%	17.53%
Total operating revenues	**4,037,789**	3,763,905	3,435,571	7.28%	17.53%
Operating expenses:					
Salaries and related expenses	**1,585,051**	1,479,837	1,337,167	7.11%	18.54%
Provision for postemployment benefits	**1,069,835**	97,332	395,000	999.16%	170.84%
General expenses	**1,036,157**	964,425	980,372	7.44%	5.69%
Total operating expenses	**3,691,043**	2,541,594	2,712,539	45.23%	36.07%
Operating income	**346,746**	1,222,311	723,032	(71.63%)	(52.04%)
Nonoperating revenues (expenses):					
State of New Jersey reimbursement	**-**	(2,500,000)	–	N/A	N/A
Investment income	**334,709**	185,341	72,759	80.59%	360.02%
Gain on asset disposal	**-**	122	–	N/A	N/A
Change in net assets	**681,455**	(1,092,226)	795,791	162.39%	(14.37%)
Net assets beginning of year	**6,171,139**	7,263,365	6,467,574	(15.04%)	(4.58%)
Net assets end of year	**$ 6,852,594**	$ 6,171,139	$ 7,263,365	11.04%	(5.66%)

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights:

- 2006 financing activity set a new record of $1.03 billion of debt issued.
- 2006 operating revenues were 7% above 2005 levels and 18% over 2004 levels.
- Following amortization of 100% of the increase in the actuarial accrued liability for postemployment benefits noted above, the Authority achieved operating margins (operating income as a percentage of operating revenues) of 9% in 2006, 32% in 2005, and 21% in 2004. Excluding the provision for postemployment benefits, the operating margins would have been 35% in 2006, 35% in 2005 and 33% in 2004.

During 2006 and 2005, 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 space 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. Favorable interest rates in the capital markets have fostered an economically advantageous environment for borrowing new capital, as well as opportunities for refinancing higher-cost outstanding debt.

Revenues

The Authority's revenues are derived primarily from two fees; annual fees charged to existing bond issues, and initial fees charged with respect to the issuance of new debt. Due to the continued high level of demand for the Authority's services, total revenues increased $273,884, or 7%, in 2006, following an increase of $328,334, or 10%, in 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Expenses

To accommodate this increased demand, the Authority's operating expenses also increased over the past two years, but, with the exception of the provision for postemployment benefits, at a rate about 25% below the rate of revenue increases.

Assets and Liabilities

Following the payment of $2.5 million to the State of New Jersey in 2005 and recognition of $1 million of postemployment costs in 2006, as described above, net assets decreased by $410,771, or 6%, over the past two years. At the end of 2006, net assets equaled approximately 1.9 times operating expenses, and current assets were 2.5 times operating expenses.

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 08540-6612. Readers are invited to visit the Authority's website at www.njefa.com.

BASIC FINANCIAL STATEMEMTS

New Jersey Educational Facilities Authority
(A Component Unit of the State of New Jersey)

December 31, 2006

BASIC FINANCIAL STATEMENTS

BALANCE SHEETS

	December 31	
	2006	**2005**
Assets		
Current assets:		
Cash	**$ 53,147**	$ 56,260
Investments, principally U.S. Government obligations	**9,026,229**	6,874,253
Fees receivable	**133,677**	532,857
Prepaid expenses	**29,481**	64,106
Total current assets	**9,242,534**	7,527,476
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of $410,555 and $328,139 during 2006 and 2005, respectively	**274,089**	326,813
Total assets	**$ 9,516,623**	$ 7,854,289
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 273,500**	$ 250,367
Noncurrent liabilities:		
Postemployment benefits other than pension	**2,089,601**	1,041,000
Project obligations	**300,928**	391,783
Total noncurrent liabilities	**2,390,529**	1,432,783
Net assets:		
Unrestricted	**6,578,505**	5,844,326
Invested in capital assets	**274,089**	326,813
Total net assets	**6,852,594**	6,171,139
Total liabilities and net assets	**$ 9,516,623**	$ 7,854,289

See accompanying notes.

BASIC FINANCIAL STATEMENTS (continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

	Year ended December 31	
	2006	**2005**
Operating revenues:		
Administrative fees	**$4,037,789**	$3,763,905
Total operating revenues	**4,037,789**	3,763,905
Operating expenses:		
Salaries and related expenses	**1,585,051**	1,479,837
General and administrative expenses	**850,120**	792,887
Provision for postemployment benefits	**1,069,835**	97,332
Professional fees	**186,037**	171,538
Total operating expenses	**3,691,043**	2,541,594
Operating income	**346,746**	1,222,311
Nonoperating revenue (expense):		
State of New Jersey reimbursement	**–**	(2,500,000)
Investment income	**334,709**	185,341
Gain on asset disposal	**–**	122
Net changes in net assets	**681,455**	(1,092,226)
Net assets at beginning of year	**6,171,139**	7,263,365
Net assets at end of year	**$6,852,594**	$6,171,139

See accompanying notes.

STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2006	**2005**
Cash flows from operating activities		
Cash received from administrative fees	**$ 3,324,206**	$ 2,444,254
Cash payments for operating expenses	**(1,478,865)**	(1,024,125)
Net cash provided by operating activities	**1,845,341**	1,420,129
Cash flows from investing activities		
Purchase of investments	**(16,658,689)**	(13,899,480)
Sale and maturity of investments	**14,539,890**	14,937,980
Investment income	**301,532**	159,776
Net cash (used in) provided by investing activities	**(1,817,267)**	1,198,276
Cash flows from noncapital financing activities		
State of New Jersey reimbursement	**–**	(2,500,000)
Net cash used in noncapital financing activities	**–**	(2,500,000)
Cash flows from capital and related financing activities		
Purchase of capital assets	**(31,187)**	(108,732)
Net cash used in capital and related financing activities	**(31,187)**	(108,732)
Net increase (decrease) in cash	**(3,113)**	9,673
Cash at beginning of year	**56,260**	46,587
Cash at end of year	**$ 53,147**	$ 56,260
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 346,746**	$ 1,222,311
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**83,911**	82,218
Changes in assets and liabilities:		
Fees receivable and prepaids	**433,805**	(397,853)
Accounts payable	**23,133**	102,530
Public library project obligation	**(90,855)**	334,923
Postemployment benefits obligation	**1,048,601**	76,000
Net cash provided by operating activities	**$ 1,845,341**	$ 1,420,129
Supplemental schedule of noncash investing activities		
Change in fair value of investments	**$ 33,177**	$ 25,565

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

Capital assets, consisting of 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. Cash and Investments

At year-end, the Authority's bank balance was $82,301 all of which was covered by FDIC insurance.

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.

3. Cash and Investments (continued)

Investments of the Authority comprise the following:

	2006	2005
Investments:		
U.S. Treasury Bills	**$9,005,095**	$6,871,425
Money Market Mutual Fund	**21,134**	2,828
Total investments	**$9,026,229**	$6,874,253

In 2006 and 2005, the Authority had $21,134 and $2,828, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

In accordance with Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40"), the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments as follows:

(a) Custodial Credit Risk – The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority and are held by either: the counterparty or the counterparty's trust department or agent but not in the Authority's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At December 31, 2006, the Authority's bank balance was not exposed to custodial credit risk since the full amount was covered by FDIC insurance.

As of December 31, 2006 and 2005, the Authority's investments comprised U.S. Treasury Bills in the amount of $9,005,095 and $6,871,425, respectively. Since the investments are registered in the Authority's name they are not exposed to custodial credit risk. The Authority does not have a written policy for investment securities custodial credit risk but its practice has been to maintain a safekeeping account for its securities at a financial institution.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer, but its practice has been to invest, almost exclusively, in U.S. Treasury Securities. At December 31, 2006 and 2005, the Authority was not exposed to a concentration of credit risk.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined with respect to the Authority's permitted investments. The Authority's Money Market Mutual Fund is not rated.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if, based on the interest rate environment, other investment vehicles would provide higher yields at similar levels of cost and risk. As of December 31, 2006, the U.S. Treasury Bills held by the Authority had maturities ranging from January 4, 2007 through June 28, 2007.

3. Cash and Investments (continued)

For the years ended December 31, 2006 and 2005, investment income comprised the following:

	2006	2005
Interest earnings	**$301,532**	$159,776
Net increase in fair value of investments	**33,177**	25,565
	$334,709	$185,341

4. 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, 2006 and 2005 was $19,112 and $6,927. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS, was 5% for 2006 and 2005.

5. Postemployment Benefits Other Than Pensions

The Authority, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, provides postemployment medical benefits for eligible active and retired employees through participation in the New Jersey Health Benefits Program as sponsored and administered by the State of New Jersey. The Authority does not issue a publicly available financial report for the plan which for financial reporting purposes is considered a single employer health care plan. Employees become eligible for these benefits upon retirement after 25 years of creditable service in the PERS.

Benefit provisions for the plan are established and amended through the Authority's Board and there is no statutory requirement for the Authority to continue this plan for future Authority employees. The plan, which is funded on a pay-as-you-go basis, is a non-contributory plan with all payments for plan benefits being funded by the Authority.

During 2006, the Authority adopted the accounting provisions of GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on benefits (other than pensions), that current and retired employees have accrued as a result of their respective years of employment service. The Authority had previously implemented FASB Statement No. 106, "*Employer's Accounting for Post-Retirement Benefits Other Than Pensions.*"

The Authority's annual OPEB cost for the plan is calculated based on the annual required contribution "ARC", an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Authority's annual OPEB cost for the year ended December 31, 2006 and 2005 and the related information for the plan are as follows (dollar amounts in thousands):

	2006	2005
Annual required contribution	**$ 1,070**	$ 97
Contributions made (payment for benefits during year)	**(21)**	(21)
Increase in net OPEB obligation	**1,049**	76
Net OPEB obligation—beginning of year	**1,041**	965
Net OPEB obligation—end of year	**$ 2,090**	$1,041

NOTES TO FINANCIAL STATEMENTS (continued)

5. Postemployment Benefits Other Than Pensions (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2006 were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2006	$ 1,070	1.96%	$ 2,090

As of December 31, 2006 and 2005, the actuarial accrued liability for benefits was $2,090,000 and $1,041,000, respectively, all of which was unfunded, although the Authority's unrestricted, undesignated net assets on such dates exceeded such liabilities. The covered payroll (annual payroll of active employees covered by the plan) was $1,268,805 for the year ended December 31, 2006, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 165%.

The actuarial valuation date is December 31, 2006. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the December 31, 2006 actuarial valuation, the Authority adopted the provisions of GASB 45 and, accordingly, changed the method used to calculate its expected liability for OPEB under the plan from the projected unit credit methods to the entry age method. In addition, the Authority decreased the discount rate used from 5.75% to 4%. Each of these changes caused the accrued actuarial liability for benefits under the plan to increase. As a result of implementing GASB 45, the Authority experienced an overall increase in the actuarial accrued liability of $875,000 during the year. The Authority has elected to amortize the increase in the actuarial accrued liability that resulted from the implementation of GASB 45 over one year. This amount when combined with 2006 normal cost of $73,000 and interest on the Net OPEB obligation of $122,000 resulted in the 2006 annual required contribution of $1,070,000. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% grading down to an ultimate rate of 5%.

At December 31, 2006, the Plan had 15 participants of which 13 were active employees and 2 were retirees. Of the Plan participants, 2 retirees and 2 active employees were eligible to receive benefits.

6. Conduit Debt

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 financings. 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, 2006, the amount of conduit debt outstanding totaled $4,445,057,663.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

7. Commitments and Contingencies (continued)

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 of higher education, any costs associated with litigation are the obligation of the institution involved. 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. Net Assets

The Authority's net assets represent the excess of assets over liabilities and are categorized as follows:

- Invested in Capital Assets are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.

- Unrestricted Net Assets are the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or directives. Designated assets include funds and assets committed to working capital.

On December 21, 2005, the Members of the Authority passed a resolution to designate $4,500,000 of 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 any of its client colleges.

Changes in Net Assets

The changes in net assets are as follows:

	Invested in Capital Assets	Unrestricted	Total
Net assets at December 31, 2004	$ 300,177	$ 6,963,188	$ 7,263,365
Net asset change	–	(1,092,226)	(1,092,226)
Capital asset additions	108,732	(108,732)	–
Gain on disposal of fixed assets	122	(122)	–
Depreciation	(82,218)	82,218	
Net assets at December 31, 2005	326,813	5,844,326	6,171,139
Net asset change	–	681,455	681,455
Capital asset net additions	31,187	(31,187)	–
Depreciation	(83,911)	83,911	–
Net assets at December 31, 2006	$ 274,089	$ 6,578,505	$ 6,852,594

REQUIRED SUPPLEMENTAL INFORMATION

New Jersey Educational Facilities Authority
(A Component Unit of the State of New Jersey)

December 31, 2006

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTHCARE PLAN
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Level Dollar (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
December 31, 2006	$ –	$2,090	$2,090	0%	$1,269	165%

SUPPLEMENTAL FINANCIAL INFORMATION

New Jersey Educational Facilities Authority
(A Component Unit of the State of New Jersey)

December 31, 2006

SUPPLEMENTAL FINANCIAL INFORMATION

BALANCE SHEETS – TRUSTEE HELD FUNDS

	December 31	
	2006	**2005**
Assets		
Cash	**$ 1,579,562**	$ 1,852
Investments, principally U.S. Government obligations	**871,317,917**	821,334,228
Accrued interest receivable	**1,478,458**	570,421
Due from colleges and universities	**9,578,567**	7,718,149
Loans and leases receivable	**4,410,005,163**	4,166,716,486
U.S. Government debt service subsidies receivable	**299,759**	82,137
	$5,294,259,426	$4,996,423,273
Liabilities		
Accounts payable and accrued expenses	$ **21,751,990**	$ 31,700,929
Accrued interest payable	**73,875,522**	72,571,057
Bonds and notes payable	**4,445,057,663**	4,206,243,986
Funds held in trust	**753,574,251**	685,907,301
	$5,294,259,426	$4,996,423,273

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

SUPPLEMENTAL FINANCIAL INFORMATION (continued)

STATEMENTS OF CHANGES IN TRUSTEE HELD FUNDS

	Year Ended December 31	
	2006	**2005**
Funds held in trust at beginning of year	**$ 685,907,301**	$ 860,527,210
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	**1,028,331,657**	959,935,000
Bond premium, net	**8,247,298**	39,374,900
Interest accrued to date of delivery	**–**	207,673
Annual loan and rental requirements	**319,422,285**	302,058,564
Investment income	**26,214,110**	17,046,725
College and university contributions (returned)	**5,462,788**	(702,566)
U.S. Government debt service subsidies	**1,277,225**	1,309,676
Change in investment valuation reserve	**2,472,409**	(354,865)
Total additions	**1,391,427,772**	1,318,875,107
Deductions:		
Debt service:		
Interest	**193,939,717**	185,422,515
Principal	**171,129,981**	150,632,483
Project costs	**300,264,242**	474,664,499
Issuance costs	**13,572,548**	11,255,474
Administrative fees	**2,792,487**	2,832,141
Transfers to escrow accounts for defeasance of refunded issues	**642,061,847**	668,687,904
Total deductions	**1,323,760,822**	1,493,495,016
Increase (Decrease) in funds held in trust	**67,666,950**	(174,619,909)
Funds held in trust at end of year	**$ 753,574,251**	$ 685,907,301

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

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS

December 31, 2006

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 financings. 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 any 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, 2006 and 2005:

	2006	2005
Construction funds	**$604,171,820**	$522,122,958
Debt service funds	**16,488,910**	15,576,578
Debt service reserve funds	**109,545,311**	123,336,925
Renewal and replacement accounts	**23,368,210**	24,870,840
	$753,574,251	$685,907,301

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.

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

	2006	2005
Investments:		
Collateralized investment agreements	**$385,065,711**	$476,553,662
U.S. Treasury and agency obligations*	**486,252,206**	344,780,566
Total investments	**$871,317,917**	$821,334,228

* Includes $143,924,809 and $173,494,148 of investments in pooled U.S. Treasury funds at December 31, 2006 and 2005, respectively, which are uncategorized.

5. Loans and Leases Receivable

Since its inception, the Authority has issued obligations of $9,358,302,406 and $8,329,970,749 as of December 31, 2006 and 2005, 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 revenues 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	
	2006	**2005**
Loans:		
Institute for Advanced Study	**$ 45,715,000**	$ 46,040,000
Princeton University	**969,700,000**	911,105,000
Mortgages:		
Beth Medrash Govoha	**7,685,000**	7,830,000
Bloomfield College	**–**	5,892,500
Caldwell College	**21,400,000**	12,200,000
Centenary College	**21,664,113**	12,955,000
College of Saint Elizabeth	**25,500,000**	10,810,000
Drew University	**39,025,000**	41,030,000
Fairleigh Dickinson University	**111,590,044**	111,172,500
Felician College	**11,220,000**	10,788,000
Georgian Court University	**18,262,500**	19,050,000
Institute for Defense Analyses	**15,430,000**	15,830,000
Monmouth University	**20,237,500**	21,822,500
New Jersey Institute of Technology	**141,672,500**	143,065,000
Princeton Theological Seminary	**43,327,500**	44,175,000
Rider University	**37,045,000**	39,110,000
Saint Peter's College	**29,317,500**	30,542,500
Seton Hall University	**146,607,500**	152,105,000
Stevens Institute of Technology	**76,302,500**	78,307,500
University of Medicine and Dentistry of New Jersey	**111,560,000**	120,050,000
Leases:		
Bloomfield College	**59,370**	96,150
Kean University	**196,620,000**	200,322,500
Montclair State University	**339,760,000**	247,410,000
New Jersey City University (formerly Jersey City State College)	**112,652,500**	109,660,000
Ramapo College of New Jersey	**249,080,053**	199,131,180
Richard Stockton College of New Jersey	**112,934,000**	64,804,000
Rider University	**319,793**	929,184
Rowan University (formerly Glassboro State College)	**342,337,500**	280,780,000
Rutgers, The State University	**640,000**	1,040,000
Saint Peter's College	**–**	111,194
Thomas Edison State College	**1,305,290**	1,591,778
The College of New Jersey (formerly Trenton State College)	**330,442,500**	333,255,000
William Paterson University of New Jersey	**104,027,500**	109,400,000
Equipment Leasing Fund	**26,270,000**	43,085,000
Higher Education Capital Improvement Fund	**496,830,000**	507,815,000
Higher Education Facilities Trust Fund	**76,045,000**	90,980,000
Higher Education Technology Infrastructure Fund	**12,055,000**	17,680,000
County College Capital Projects Fund	**16,750,000**	18,655,000
Dormitory Safety Trust Fund	**57,155,000**	62,830,000
Library Grant Program	**41,460,000**	43,260,000
	$ 4,410,005,163	$ 4,166,716,486

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

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 2006	2005
Bonds Payable					
Beth Medrash Govoha:					
2000 Series G	$ 8,505,000	7/1/2030	6.720%	**$ 7,760,000**	$ 7,900,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	**–**	5,940,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	**–**	4,165,000
2000 Series B	9,235,000	7/1/2025	Variable	**–**	8,085,000
2006 Series F	21,400,000	7/1/2032	Variable	**21,400,000**	–
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	**12,510,000**	12,955,000
2006 Series J	9,154,113	11/1/2036	Variable	**9,154,113**	–
Drew University:					
1998 Series C	27,935,000	7/1/2017	4.936%	**19,845,000**	21,160,000
2003 Series C	20,855,000	7/1/2021	3.888%	**20,200,000**	20,855,000
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	**48,550,000**	53,405,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	**4,140,000**	4,555,000
Series 2003 A	5,440,000	3/1/2018	3.752%	**4,465,000**	4,870,000
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	**19,280,000**	34,180,000
Series 2003 A	12,620,000	9/1/2011	2.517%	**6,990,000**	8,905,000
Fairleigh Dickinson University:					
1998 Series G	16,615,000	7/1/2028	5.796%	**–**	14,285,000
2002 Series D	63,650,000	7/1/2032	6.114%	**61,590,000**	62,645,000
2004 Series C	35,285,000	7/1/2023	5.534%	**34,570,000**	35,285,000
2006 Series G	14,505,000	7/1/2028	4.954%	**14,505,000**	–
2006 Series H	2,147,544	7/1/2027	4.954%	**2,147,544**	–
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	**–**	9,384,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	**–**	1,404,000
2006 Series I	11,445,000	11/1/2022	4.749%	**11,220,000**	–
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	**3,925,000**	4,455,000
2003 Series, Project C	15,215,000	7/1/2033	5.991%	**14,740,000**	14,980,000
Higher Education Facilities Trust Fund:					
Series 2005 A	90,980,000	9/1/2010	3.286%	**76,045,000**	90,980,000
Higher Education Technology Infrastructure Fund:					
Series 1998 A	55,000,000	9/1/2008	4.518%	**12,055,000**	17,680,000

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 2006	2005
Bonds Payable (continued)					
Higher Education Capital Improvement Fund:					
Series 2000 A	$ 132,800,000	9/1/2020	5.242%	**$ 36,020,000**	$ 51,585,000
Series 2000 B	145,295,000	9/1/2020	5.003%	**39,990,000**	56,975,000
Series 2002 A	194,590,000	9/1/2022	4.599%	**44,270,000**	152,740,000
Series 2004 A	76,725,000	9/1/2024	4.352%	**51,525,000**	76,725,000
Series 2005 A	169,790,000	9/1/2019	4.121%	**169,565,000**	169,790,000
Series 2006 A	155,460,000	9/1/2024	4.421%	**155,460,000**	–
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	**11,090,000**	11,970,000
1997 Series G	26,565,000	7/1/2028	5.111%	**2,045,000**	23,680,000
2001 Series A	11,000,000	7/1/2031	5.101%	**2,980,000**	10,390,000
2006 Series B	29,600,000	7/1/2031	3.990%	**29,600,000**	–
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	**15,430,000**	15,830,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	**2,105,000**	2,555,000
Series 1995 C	2,175,000	7/1/2007	4.671%	**–**	505,000
Series 1998 E	6,945,000	7/1/2028	5.165%	**6,020,000**	6,170,000
Series 1999 B	17,795,000	7/1/2025	4.807%	**14,280,000**	15,335,000
Series 2002 A	15,115,000	7/1/2032	4.949%	**14,000,000**	14,290,000
Series 2003 A	47,850,000	7/1/2032	Variable	**47,750,000**	47,800,000
Series 2003 B	2,300,000	7/1/2018	5.659%	**2,300,000**	2,300,000
Series 2005 A	21,575,000	7/1/2035	3.726%	**21,025,000**	21,575,000
Series 2006 C	5,950,000	7/1/2036	Variable	**5,950,000**	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	**1,000,000**	1,460,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	**17,125,000**	18,585,000
Series 2001 A	6,465,000	7/1/2016	4.474%	**4,790,000**	5,170,000
Series 2003 D	75,000,000	7/1/2033	4.811%	**73,685,000**	75,000,000
Series 2005 B	101,915,000	7/1/2037	4.681%	**101,915,000**	101,915,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	**41,460,000**	43,260,000
Monmouth University:					
1993 Series A	14,365,000	7/1/2013	5.538%	**6,910,000**	7,685,000
1997 Series C	12,910,000	7/1/2022	5.732%	**8,430,000**	8,750,000
1998 Series D	8,815,000	7/1/2024	5.225%	**5,710,000**	6,160,000
Montclair State University:					
Series 1972 B	5,415,000	7/1/2007	5.926%	**360,000**	700,000
Series 1974 D	6,425,000	7/1/2008	6.173%	**860,000**	1,250,000
Series 1996 C	18,845,000	7/1/2012	5.356%	**–**	10,265,000
Series 1996 D	9,575,000	7/1/2012	5.358%	**–**	5,225,000
Series 1997 D	10,960,000	7/1/2027	5.007%	**–**	9,435,000
Series 1997 E	9,965,000	7/1/2021	5.007%	**7,490,000**	7,830,000
Series 2001 F	18,695,000	7/1/2031	5.072%	**–**	18,695,000

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 2006	2005
Bonds Payable (continued)					
Montclair State University (continued):					
Series 2002 F	$ 78,500,000	7/1/2032	4.489%	**$ 22,375,000**	$ 78,500,000
Series 2003 E	23,425,000	7/1/2033	4.445%	**18,825,000**	23,425,000
Series 2003 L	94,540,000	7/1/2034	4.541%	**28,530,000**	94,540,000
Series 2006 A	98,090,000	7/1/2036	4.816%	**98,090,000**	–
Series 2006 B	9,970,000	7/1/2012	4.133%	**9,970,000**	–
Series 2006 J	154,110,000	7/1/2034	4.300%	**154,110,000**	–
New Jersey Institute of Technology:					
Series 2001 G	62,335,000	7/1/2031	4.932%	**59,250,000**	59,925,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	**9,605,000**	10,290,000
Series 2004 B	73,530,000	7/1/2025	4.016%	**73,530,000**	73,530,000
Princeton Theological Seminary:					
1997 Series A	22,485,000	7/1/2022	4.988%	**17,905,000**	18,645,000
2002 Series G	26,125,000	7/1/2032	4.824%	**25,855,000**	25,945,000
Princeton University:					
1998 Series E	19,010,000	7/1/2024	4.873%	**560,000**	1,020,000
1998 Series F	40,000,000	7/1/2018	4.438%	**–**	3,950,000
1999 Series A	45,500,000	7/1/2029	4.798%	**12,035,000**	29,815,000
1999 Series B	50,000,000	7/1/2019	4.980%	**6,695,000**	8,730,000
2000 Series E	50,000,000	7/1/2020	5.355%	**8,600,000**	10,475,000
2000 Series H	100,000,000	7/1/2030	5.336%	**8,485,000**	20,965,000
2001 Series B	100,000,000	7/1/2021	Variable	**83,200,000**	87,000,000
2002 Series B	100,000,000	7/1/2031	Variable	**86,965,000**	90,465,000
2003 Series D	114,495,000	7/1/2019	3.727%	**98,080,000**	106,875,000
2003 Series E	112,510,000	7/1/2028	3.944%	**74,085,000**	82,760,000
2003 Series F	75,000,000	7/1/2023	Variable	**66,375,000**	69,335,000
2004 Series D	175,000,000	7/1/2029	4.497%	**87,175,000**	139,930,000
2005 Series A	139,590,000	7/1/2030	4.405%	**137,830,000**	137,830,000
2005 Series B	114,645,000	7/1/2035	4.236%	**105,045,000**	114,645,000
2006 Series D	74,290,000	7/1/2031	4.391%	**74,290,000**	–
2006 Series E	93,285,000	7/1/2027	4.504%	**93,285,000**	–
Ramapo College of New Jersey:					
Series 1998 G	16,845,000	7/1/2028	4.832%	**14,420,000**	14,790,000
Series 1998 H	2,000,000	7/1/2013	4.309%	**1,120,000**	1,255,000
Series 1998 I	955,000	7/1/2008	4.044%	**235,000**	345,000
Series 1999 E	19,900,000	7/1/2029	5.774%	**1,300,000**	1,690,000
Series 2001 D	40,480,000	7/1/2031	5.105%	**6,040,000**	38,965,000
Series 2001 E	2,535,000	7/1/2008	4.037%	**795,000**	1,170,000
Series 2002 H	28,655,000	7/1/2032	4.485%	**18,610,000**	28,000,000
Series 2002 I	2,145,000	7/1/2032	4.485%	**1,345,000**	2,005,000
Series 2002 J	29,620,000	7/1/2032	4.485%	**19,495,000**	28,945,000
Series 2003 F	1,820,000	7/1/2013	3.257%	**1,615,000**	1,810,000
Series 2003 G	9,300,000	7/1/2013	3.110%	**7,875,000**	9,185,000
Series 2003 H	18,930,000	7/1/2029	4.346%	**18,930,000**	18,930,000
Series 2004 E	53,980,000	7/1/2034	4.630%	**13,680,000**	53,980,000
Series 2006 D	49,085,000	7/1/2036	4.521%	**37,940,000**	–
Series 2006 I	106,820,000	7/1/2036	4.417%	**106,820,000**	–

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 2006	2005
Bonds Payable (continued)					
Richard Stockton College of New Jersey:					
Series 1973 D	$ 5,700,000	7/1/2008	5.885%	**$ 710,000**	$ 1,035,000
Series 1988 A	3,294,000	7/1/2016	3.000%	**1,364,000**	1,489,000
Series 2002 B	8,340,000	7/1/2010	3.482%	**3,350,000**	4,145,000
Series 2005 C	31,150,000	7/1/2035	3.870%	**31,150,000**	31,150,000
Series 2005 F	28,180,000	7/1/2028	4.458%	**27,035,000**	28,180,000
Series 2006 F	50,365,000	7/1/2036	4.460%	**50,365,000**	–
Rider University:					
1971 Series A	3,700,000	7/1/2009	6.895%	**705,000**	910,000
2002 Series A	27,560,000	7/1/2017	4.709%	**22,920,000**	24,475,000
2004 Series A	14,735,000	7/1/2034	5.301%	**14,475,000**	14,735,000
Rowan University (formerly Glassboro State College):					
Series 1974 E	6,080,000	7/1/2009	6.944%	**1,170,000**	1,515,000
Series 1983 D	3,500,000	7/1/2013	3.000%	**1,155,000**	1,305,000
Series 1997 C	9,035,000	7/1/2021	5.524%	**7,155,000**	7,455,000
Series 2000 B	51,620,000	7/1/2030	5.566%	**3,460,000**	3,460,000
Series 2001 B	8,790,000	7/1/2031	5.025%	**7,995,000**	8,165,000
Series 2001 C	60,930,000	7/1/2031	4.943%	**51,340,000**	52,740,000
Series 2002 K	14,920,000	7/1/2033	4.866%	**9,290,000**	14,375,000
Series 2003 I	64,910,000	7/1/2030	4.714%	**44,760,000**	63,560,000
Series 2003 J	4,555,000	7/1/2008	2.258%	**1,995,000**	3,175,000
Series 2003 K	14,700,000	7/1/2033	Variable	**14,700,000**	14,700,000
Series 2004 C	61,275,000	7/1/2034	4.697%	**60,945,000**	61,275,000
Series 2005 D	51,840,000	7/1/2030	4.532%	**51,840,000**	51,840,000
Series 2006 G	69,405,000	7/1/2031	4.362%	**69,405,000**	–
Series 2006 H	20,000,000	7/1/2036	Variable	**20,000,000**	–
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	**845,000**	1,235,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	**29,945,000**	31,140,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	**–**	19,690,000
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%	**36,740,000**	39,695,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	**10,030,000**	12,840,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	**8,360,000**	9,060,000
2001 Series, Project G	8,740,000	7/1/2026	4.598%	**8,740,000**	8,740,000
2005 Series C	57,750,000	7/1/2037	Variable	**57,750,000**	57,750,000
2006 Series A	20,750,000	7/1/2019	Variable	**20,750,000**	–
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	**13,945,000**	14,755,000
2002 Series C	59,585,000	7/1/2032	5.228%	**50,330,000**	51,270,000
2004 Series B	13,265,000	7/1/2034	5.55%	**13,050,000**	13,265,000

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 2006	2005
Bonds Payable (continued)					
The College of New Jersey					
(formerly Trenton State College):					
Series 1972 A	$ 9,270,000	7/1/2007	5.952%	**$ 615,000**	$ 1,195,000
Series 1976 D	5,580,000	7/1/2008	6.853%	**805,000**	1,165,000
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%	**47,100,000**	48,820,000
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	**10,600,000**	10,900,000
2006 Series K	15,000,000	7/1/2036	Variable	**15,000,000**	–
University of Medicine and					
Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	**97,750,000**	105,930,000
Series 1999 C	15,720,000	12/1/2029	5.321%	**13,810,000**	14,120,000
William Paterson University of					
New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	**505,000**	735,000
Series 1976 A	5,685,000	7/1/2009	7.644%	**1,240,000**	1,595,000
Series 1981 B	5,000,000	7/1/2011	3.000%	**1,230,000**	1,455,000
Series 1998 D	6,575,000	7/1/2021	4.994%	**5,335,000**	5,565,000
Series 1999 D	12,785,000	7/1/2019	5.162%	**1,765,000**	2,305,000
Series 2000 A	26,425,000	7/1/2030	5.515%	**2,075,000**	2,515,000
Series 2002 E	42,125,000	7/1/2027	4.714%	**25,250,000**	26,935,000
Series 2004 A	30,035,000	7/1/2028	4.131%	**27,720,000**	28,815,000
Series 2005 E	42,295,000	7/1/2030	4.546%	**41,465,000**	42,295,000
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	**2,920,000**	3,210,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	**1,055,000**	1,375,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	**2,820,000**	3,105,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	**4,780,000**	5,260,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	**2,685,000**	2,955,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	**1,235,000**	1,365,000
Hudson County Community College					
(Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	**1,255,000**	1,385,000
Notes Payable					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Various	**38,000,000**	20,500,000
Leases Payable					
Bloomfield College	315,000	4/1/2008	5.900%	**59,370**	96,150
Ramapo College of New Jersey	1,377,090	10/1/2010	Various	**362,553**	528,680
Rider University	4,819,851	3/15/2007	6.221%	**319,793**	929,184
Saint Peter's College	663,000	8/3/2006	5.630%	**–**	111,194
Thomas Edison State College	1,800,000	3/8/2012	3.647%	**1,305,290**	1,591,778
				$4,445,057,663	$4,206,243,986

* Maximum authorized amount.

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

6. Bonds, Notes and Leases Payable (continued)

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

2007	$ 163,640,482
2008	169,936,527
2009	169,295,256
2010	163,897,911
2011	166,159,125
Thereafter	3,612,128,362
	$4,445,057,663

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.

Refunded bonds outstanding at December 31, 2006 comprise the following:

Issue	Principal Amount Outstanding December 31, 2006	Refunded Issues: Principal Amount Refunded	Refunded Issues: Call Date	Debt Service Savings	Refunding Issues: Date of Issuance	Refunding Issues: Issue	Refunding Issues: Original Amount of Issue
Fairleigh Dickinson University Issue							
1998 Series G	$ 13,970,000	$ 13,970,000	7/1/2008	$ 551,612	6/29/2006	2006 Series G	$ 14,505,000
Felician College Issue							
1997 Series D	10,411,000	10,788,000	11/1/2007	1,073,796	6/30/2006	2006 Series I	11,445,000
Higher Education Capital Improvement Fund Issues							
Series 2000 A	10,545,000	10,545,000	9/1/2010	4,438,363	10/26/2006	Series 2006 A	155,460,000
Series 2000 B	11,405,000	11,405,000	9/1/2010				
Series 2002 A	102,810,000	102,810,000	9/1/2012				
Series 2004 A	22,760,000	22,760,000	9/1/2014				
Higher Education Capital Improvement Fund Issues							
Series 2000 A	59,405,000	59,405,000	9/1/2010	5,080,385	8/10/2005	Series 2005 A	169,790,000
Series 2000 B	65,675,000	65,675,000	9/1/2010				
Series 2002 A	41,850,000	41,850,000	9/1/2012				
Institute for Advanced Study Issues							
1997 Series G	21,070,000	21,070,000	7/1/2008	2,100,571	7/19/2006	2006 Series B	29,600,000
2001 Series A	7,190,000	7,190,000	7/1/2010				

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

7. Refunded Bond Issues (continued)

Issue	Principal Amount Outstanding December 31, 2006	Refunded Issues: Principal Amount Refunded	Refunded Issues: Call Date	Debt Service Savings	Refunding Issues: Date of Issuance	Refunding Issues: Issue	Refunding Issues: Original Amount of Issue
Montclair State University Issues							
Series 1997 D	$ 9,190,000	$ 9,190,000	7/1/2007	$ 6,194,157	12/14/2006	Series 2006 J	$ 154,110,000
Series 2001 F	18,695,000	18,695,000	7/1/2011				
Series 2002 F	56,125,000	56,125,000	7/1/2015				
Series 2003 E	4,600,000	4,600,000	7/1/2015				
Series 2003 L	64,290,000	64,290,000	7/1/2014				
New Jersey City University Issue							
Series 1999 B	450,000	450,000	7/1/2009	–	2/16/2006	Series 2006 C	5,950,000
Princeton University Issues							
1999 Series B	25,440,000	25,440,000	7/1/2009	5,434,717	10/23/2003	2003 Series D	114,495,000
2000 Series E	27,615,000	27,615,000	7/1/2010				
2000 Series H	26,700,000	26,700,000	7/1/2010				
Princeton University Issues							
1999 Series A	10,400,000	10,400,000	7/1/2009	4,243,735	4/12/2005	2005 Series A	139,590,000
1999 Series B	5,535,000	5,535,000	7/1/2009				
2000 Series E	3,935,000	3,935,000	7/1/2010				
2000 Series H	45,435,000	45,435,000	7/1/2010				
2003 Series E	25,000,000	25,000,000	7/1/2013				
2004 Series D	31,470,000	31,470,000	7/1/2014				
Princeton University Issues							
1999 Series A	16,815,000	16,815,000	7/1/2009	2,755,549	8/10/2006	2006 Series E	93,285,000
2000 Series H	10,615,000	10,615,000	7/1/2010				
2003 Series E	5,950,000	5,950,000	7/1/2013				
2004 Series D	49,045,000	49,045,000	7/1/2014				
2005 Series B	7,820,000	7,820,000	7/1/2015				
Ramapo College of New Jersey Issue							
Series 1999 E	16,825,000	16,825,000	7/1/2009	554,426	1/29/2004	Series 2003 H	18,930,000
Ramapo College of New Jersey Issues							
Series 2001 D	32,130,000	32,130,000	7/1/2011	3,510,943	11/28/2006	Series 2006 I	106,820,000
Series 2002 H	8,795,000	8,795,000	7/1/2012				
Series 2002 I	615,000	615,000	7/1/2012				
Series 2002 J	8,835,000	8,835,000	7/1/2012				
Series 2004 E	40,300,000	40,300,000	7/1/2014				
Series 2006 D	11,145,000	11,145,000	7/1/2016				
Richard Stockton College of New Jersey Issues							
Series 1996 F	–	17,750,000	7/1/2006	1,452,794	10/27/2005	Series 2005 F	28,180,000
Series 1998 C	11,590,000	11,875,000	7/1/2008				
Rowan University Issues							
Series 1997 B	5,475,000	5,665,000	7/1/2007	1,912,380	4/13/2005	Series 2005 D	51,840,000
Series 2000 B	44,450,000	45,445,000	7/1/2010				

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (continued)

7. Refunded Bond Issues (continued)

Issue	Principal Amount Outstanding December 31, 2006	Refunded Issues: Principal Amount Refunded	Refunded Issues: Call Date	Debt Service Savings	Refunding Issues: Date of Issuance	Refunding Issues: Issue	Refunding Issues: Original Amount of Issue
Rowan University Issues							
Series 2002 K	$ 4,805,000	$ 4,805,000	7/1/2012	$ 738,003	11/16/2006	Series 2006 G	$ 69,405,000
Series 2003 I	17,385,000	17,385,000	7/1/2013				
The William Paterson University of New Jersey Issues							
Series 1999 D	8,125,000	8,125,000	7/1/2009	1,420,584	11/10/2005	Series 2005 E	42,295,000
Series 2000 A	22,395,000	22,395,000	7/1/2010				
Series 2002 E	11,305,000	11,305,000	7/1/2012				

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Jon S. Corzine
Governor, State of New Jersey

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