

FINANCIAL STATEMENTS
AND SUPPLEMENTAL FINANCIAL INFORMATION
New Jersey Educational Facilities Authority
(A Component Unit of the State of New Jersey)
December 31, 2002

New Jersey Educational Facilities Authority

Financial Statements
and Supplemental Financial Information

December 31, 2002

Contents

Report of Independent Auditors	1
Management's Discussion and Analysis.....	2
Statements of Assets, Liabilities and Net Assets.....	5
Statements of Revenues, Expenses and Changes in Fund Net Assets.....	6
Statements of Cash Flows	7
Notes to Financial Statements	8
 Supplemental Financial Information	
Balance Sheets - Trustee Held Funds.....	12
Statements of Changes in Trustee Held Funds.....	13
Notes to Supplemental Financial Statements	14

Report of Independent Auditors

To the Members of the
New Jersey Educational Facilities Authority

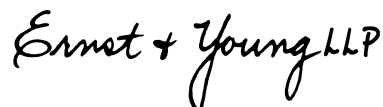
We have audited the accompanying statements of assets, liabilities and net assets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 2002 and 2001, and the related statements of revenues, expenses and changes in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Educational Facilities Authority as of December 31, 2002 and 2001, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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

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



March 10, 2003

New Jersey Educational Facilities Authority

Management's Discussion and Analysis

Year ended December 31, 2002

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, 2002. 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: Statements of Assets, Liabilities, and Net Assets; Statements of Revenues, Expenses and Changes in Fund Net Assets; and Statements of Cash Flows. These statements provide, respectively, a view of the Authority's financial position as of the end of the year, a description of the financial activity during the year, and a description of the cash activity during the year.

Reimbursement to State of New Jersey

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

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

Condensed Financial Information

The following table represents the changes in net assets between December 31, 2002 and December 31, 2001:

	2002	2001	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$6,170,042	\$9,078,051	\$(2,908,009)	(32.0)%
Noncurrent assets	175,491	161,470	14,021	8.7
Total assets	6,345,533	9,239,521	(2,893,988)	(31.3)
Current liabilities	145,925	95,790	50,135	52.3
Noncurrent liabilities	606,600	450,000	156,600	34.8
Total liabilities	752,525	545,790	206,735	37.9
Total net assets	\$5,593,008	\$8,693,731	\$(3,100,723)	(35.7%)

The following table represents the changes in revenues and expenses between fiscal years 2002 and 2001:

	2002	2001	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Operating revenues:				
Administrative fees	\$ 3,155,362	\$2,456,549	\$ 698,813	28.4%
Total operating revenues	3,155,362	2,456,549	698,813	28.4
Operating expenses:				
Salaries and related expenses	765,153	856,791	(91,638)	(10.7)
Provision for post-retirement benefits	80,000	225,000	(145,000)	(64.4)
General expenses	583,611	603,066	(19,455)	(3.2)
Total operating expenses	1,428,764	1,684,857	(256,093)	(15.2)
Operating income	1,726,598	771,692	954,906	123.7
Nonoperating revenues (expenses):				
Gain on asset disposal	5,353	-	5,353	N/A
State of New Jersey reimbursement	(5,000,000)	-	(5,000,000)	N/A
Investment income	167,326	514,934	(347,608)	(67.5)
Change in net assets	\$(3,100,723)	\$1,286,626	\$(4,387,349)	(341.0)%

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights

- Net assets represent 3.9 times annual operating expenses.
- Cash and investments constitute 95% of net assets.
- Operating revenues increased 28% over the prior year.
- Salaries and related expenses decreased 11% from the prior year.
- Total operating expenses decreased 15% from the prior year.
- Operating income was 55% of operating revenue.

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

The Authority currently has outstanding over 150 issues of non-recourse conduit bond and note issues with a par value of \$3.4 billion. Administrative Fees are collected to provide funds to ensure that the Authority's operating expenses will be met, and that sufficient reserves will be available in the event of potential financial difficulty related to the Authority's financings or operations. Net assets represent the maximum amount of available reserves, which equaled \$5.6 million as of December 31, 2002.

Contacting the Authority's Financial Management

If you have any questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 101 College Road East, Princeton, NJ 08540-6601.

New Jersey Educational Facilities Authority
 Statements of Assets, Liabilities and Net Assets

	December 31	
	2002	2001
Assets		
Current assets:		
Cash	\$ 87,696	\$ 83,322
Investments, principally U.S. Government obligations (Note 5)	5,248,667	8,685,925
Accrued interest receivable	48,456	62,851
Fees receivable	702,468	177,300
Prepaid expenses	73,832	45,366
Due from colleges and universities	8,923	23,287
Total current assets	6,170,042	9,078,051
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$201,077 and \$190,287 during 2002 and 2001, respectively	175,491	161,470
	\$6,345,533	\$9,239,521
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 145,925	\$ 95,790
Noncurrent liabilities:		
Post-retirement benefits other than pension	530,000	450,000
Public library project obligations	76,600	-
Total noncurrent liabilities	606,600	450,000
Net assets:		
Unrestricted	5,593,008	8,693,731
Total liabilities and net assets	\$6,345,533	\$9,239,521

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Revenues, Expenses and
Changes in Fund Net Assets

	Year ended December 31	
	2002	2001
Operating revenues:		
Administrative fees	\$ 3,155,362	\$2,456,549
Total operating revenues	3,155,362	2,456,549
Operating expenses:		
Salaries and related expenses	765,153	856,791
General and administrative expenses	395,857	412,178
Provision for post-retirement benefits	80,000	225,000
Professional fees	187,754	190,888
Total operating expenses	1,428,764	1,684,857
Operating income	1,726,598	771,692
Nonoperating revenue (expense):		
Gain on asset disposal	5,353	–
Investment income	167,326	514,934
State of New Jersey reimbursement	(5,000,000)	–
Net changes in net assets	(3,100,723)	1,286,626
Net assets at beginning of year	8,693,731	7,407,105
Net assets at end of year	\$ 5,593,008	\$8,693,731

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Cash Flows

	Year ended December 31	
	2002	2001
Cash flows from operating activities		
Cash received from administrative fees	\$ 2,728,794	\$ 2,427,739
Cash payments for operating expenses	<u>(1,300,940)</u>	<u>(1,448,513)</u>
Net cash provided by operating activities	1,427,854	979,226
Cash flows from noncapital financing activities		
State of New Jersey reimbursement	<u>(5,000,000)</u>	–
Net cash used in noncapital financing activities	(5,000,000)	–
Cash flows from investing activities		
Loan repayments	14,364	(15,512)
Purchase of investments	<u>(6,218,099)</u>	<u>(7,104,407)</u>
Sale and maturity of investments	9,564,198	5,823,724
Investment income	<u>272,880</u>	<u>431,881</u>
Net cash provided by (used in) investing activities	3,633,343	(864,314)
Cash flows from capital activities		
Purchase of capital assets	<u>(56,823)</u>	<u>(68,962)</u>
Net cash used in capital activities	(56,823)	(68,962)
Net increase in cash	4,374	45,950
Cash at beginning of year	83,322	37,372
Cash at end of year	<u>\$ 87,696</u>	<u>\$ 83,322</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,726,598	\$ 771,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	48,155	50,162
Changes in assets and liabilities:		
Increase in fees receivable and prepaids	(553,634)	(56,176)
Increase (decrease) in accounts payable	50,135	(11,452)
Increase in public library project obligation	76,600	–
Increase in post-retirement benefits obligation	<u>80,000</u>	<u>225,000</u>
Net cash provided by operating activities	\$ 1,427,854	\$ 979,226
Supplemental schedule of noncash investing activities		
Change in fair value of investments	<u>\$ (91,159)</u>	<u>\$ 105,148</u>

See accompanying notes.

New Jersey Educational Facilities Authority

Notes to Financial Statements

December 31, 2002

1. Organization and Function of the Authority

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

The Authority is exempt from both federal and state taxes.

2. Significant Accounting Policies

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

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

Administrative Fees

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

Depreciation

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

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Use of Estimates

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

3. Designated Net Assets

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

4. Cash and Investments

At year-end, the Authority's bank balance was \$86,157 all of which was covered by FDIC insurance and held in the Authority's name by a New Jersey banking institution.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey. Governmental Accounting Standards Board (GASB) Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority as of December 31, 2002 and 2001. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name.

Investments of the Authority comprise of the following:

	<u>2002</u>	<u>2001</u>
Investments:		
U.S. Treasury and agency obligations (category 1)	\$4,750,144	\$7,175,760
Money Market Mutual Funds (noncategorized)	498,523	1,510,165
Total investments	<u>\$5,248,667</u>	<u>\$8,685,925</u>

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

In 2002 and 2001, the Authority has \$498,523 and \$1,510,165, respectively, invested in money market mutual fund, which invest in short-term and other obligations of the U.S. Treasury. Such investments are listed as noncategorized above, because they are not evidenced by securities that exist in physical or book entry form. U.S. Treasury and agency obligations are considered category 1 for GASB purposes. All investments are carried at fair value.

For the years ended December 31, 2002 and 2001, investment income comprises the following:

	<u>2002</u>	<u>2001</u>
Interest earnings	\$258,485	\$409,786
Net (decrease) increase in fair value of investments	(91,159)	105,148
	<u>\$167,326</u>	<u>\$514,934</u>

5. Pension Plan

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is based upon an actuarial computation performed by the PERS. The Authority's required contribution and pension expense for each of the years ended December 31, 2002, 2001, 2000 and 1999 was \$-0-. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS is 3% in 2002, 2001 and 2000 and 4.50% in 1999.

In addition to the pension benefits noted above, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, the Authority has agreed to pay the health insurance premiums for eligible pensioners and their dependents. These postretirement benefits are available to all employees who retire from the Authority with at least twenty-five years of service credit in the PERS. Postretirement benefits are accrued based on actuarial calculations that utilize the projected unit credit cost method and a discount rate of 6.5%. At December 31, 2002 and 2001, the Authority has accrued \$530,000 and \$450,000, respectively. At December 31, 2002, the Plan had 13 participants of which 11 were active employees and 2 were retirees. Of the Plan participants 2 retirees and 1 active employee were eligible to receive benefits under the agreement.

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

6. Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financing. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2002, the amount of conduit debt outstanding totaled \$3,401,164,018.

7. Commitments and Contingencies

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$151,000 through June 2003.

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

8. State of New Jersey Reimbursement

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

Supplemental Financial Information

New Jersey Educational Facilities Authority

Balance Sheets – Trustee Held Funds

	December 31	
	2002	2001
Assets		
Cash	\$ 43,512	\$ 174,007
Investments, principally U.S. Government obligations	1,194,294,929	848,740,514
Accrued interest receivable	1,086,700	1,694,500
Due from colleges and universities	13,582,240	8,685,072
Loans and leases receivable	3,370,405,791	2,659,623,570
U.S. Government debt service subsidies receivable	193,681	93,171
	\$4,579,606,853	\$3,519,010,834
Liabilities and fund balance		
Accounts payable and accrued expenses	\$ 51,388,993	\$ 40,509,140
Accrued interest payable	53,493,414	50,766,091
Bonds and notes payable	3,401,164,018	2,689,923,297
Funds held in trust	1,073,560,428	737,812,306
	\$4,579,606,853	\$3,519,010,834

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

New Jersey Educational Facilities Authority

Statements of Changes in Trustee Held Funds

	Year ended December 31	
	2002	2001
Funds held in trust at beginning of year	\$ 737,812,306	\$618,189,346
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	933,972,000	559,535,000
Bond premium, net	11,164,187	7,276,504
Interest accrued to date of delivery	748,315	1,018,714
Annual loan and rental requirements	238,884,746	201,007,847
Investment income	22,782,627	31,195,280
College and university contributions	774,739	6,684,688
U.S. Government debt service subsidies	1,519,951	1,557,642
Change in investment valuation reserve	8,188	87,237
Total additions	<u>1,209,854,753</u>	<u>808,362,912</u>
Deductions:		
Debt service:		
Interest	133,064,848	121,193,325
Principal	119,392,333	93,953,161
Project costs	500,874,471	377,874,690
Issuance costs	10,364,559	3,893,576
Administrative fees	1,918,834	1,627,815
Transfers to escrow accounts for defeasance of refunded issues	108,491,586	90,197,385
Total deductions	<u>874,106,631</u>	<u>688,739,952</u>
Increase in funds held in trust	<u>335,748,122</u>	<u>119,622,960</u>
Funds held in trust at end of year	<u><u>\$1,073,560,428</u></u>	<u><u>\$737,812,306</u></u>

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

New Jersey Educational Facilities Authority

Notes to Supplemental Financial Statements

December 31, 2002

1. Introduction

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

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

2. Significant Accounting Policies

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

3. Funds Held in Trust

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Construction funds	\$ 898,762,956	\$599,984,443
Debt service funds	40,801,759	15,012,259
Debt service reserve funds	106,535,638	96,018,759
Renewal and replacement accounts	27,460,075	26,796,845
	<u>\$1,073,560,428</u>	<u>\$737,812,306</u>

New Jersey Educational Facilities Authority

Notes to Supplemental Financial Statements (continued)

4. Cash and Investments

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

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

	<u>2002</u>	<u>2001</u>
Investments:		
Collateralized investment agreements	\$ 28,159,968	\$220,390,722
U.S. Treasury and agency obligations	<u>1,166,134,961*</u>	<u>628,349,792*</u>
Total investments	<u>\$1,194,294,929</u>	<u>\$848,740,514</u>

* Includes \$983,094,886 and \$497,074,308 of investments in pooled U.S. Treasury funds at December 31, 2002 and 2001, respectively, which are uncategorized.

5. Loans and Leases Receivable

Since its inception, the Authority has issued obligations of \$5,925,540,749 and \$4,991,568,749 as of December 31, 2002 and 2001, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

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

New Jersey Educational Facilities Authority

Notes to Supplemental Financial Statements (continued)

5. Loans and Leases Receivable (continued)

Restricted fund receivables comprise the following:

	December 31	
	2002	2001
Loans:		
Drew University	\$ 3,545,000	\$ 4,882,500
Institute for Advanced Study	50,585,000	51,780,000
Princeton University	608,177,500	505,350,000
Mortgages:		
Beth Medrash Govoha	8,220,000	8,337,500
Bloomfield College	6,155,000	6,232,500
Caldwell College	13,185,000	13,482,500
Centenary College	5,500,000	5,500,000
College of Saint Elizabeth	11,527,273	11,727,273
Drew University	24,185,000	25,310,000
Fairleigh Dickinson University	114,267,500	51,870,000
Felician College	11,769,000	12,049,000
Georgian Court College	5,657,500	6,105,000
Institute for Defense Analysis	16,695,000	16,695,000
Monmouth University	26,115,000	27,680,000
New Jersey Institute of Technology	152,595,000	155,485,000
Princeton Theological Seminary	36,565,000	37,202,500
Rabbinical College of America	-	31,382
Rider University	28,550,000	28,957,500
Saint Peter's College	34,262,522	35,351,571
Seton Hall University	112,850,000	118,417,500
Stevens Institute of Technology	76,227,500	17,722,500
University of Medicine and Dentistry of New Jersey	143,660,000	149,000,000
Leases:		
Bloomfield College	194,404	223,502
Centenary College	-	85,000
Felician College	381,454	510,590
Kean University	36,480,000	38,667,500
Montclair State University	144,225,000	68,600,000
New Jersey City University (formerly Jersey City State College)	44,610,000	30,920,000
Ramapo College of New Jersey	161,253,485	104,133,096
Richard Stockton College of New Jersey	48,954,000	51,179,000
Rider University	2,548,653	3,025,656
Rowan University (formerly Glassboro State College)	156,040,000	144,685,000
Rutgers, The State University	2,107,500	2,422,500
The College of New Jersey (formerly Trenton State College)	340,382,500	209,732,500
William Paterson University of New Jersey	91,010,000	59,905,000
Equipment Leasing Fund	74,915,000	87,385,000
Higher Education Capital Improvement Fund	457,020,000	271,165,000
Higher Education Facilities Trust Fund	137,950,000	151,550,000
Higher Education Technology Infrastructure Fund	33,080,000	37,755,000
County College Capital Projects Fund	30,190,000	34,740,000
Dormitory Safety Trust Fund	73,770,000	73,770,000
Library Grant Program	45,000,000	-
	\$3,370,405,791	\$2,659,623,570

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable					
Beth Medrash Govoha: 2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 8,280,000	\$ 8,395,000
Bloomfield College: 2000 Series A	6,270,000	7/1/2030	6.978%	6,195,000	6,270,000
Caldwell College: 1995 Series A	4,800,000	7/1/2025	7.385%	4,420,000	4,495,000
2000 Series B	9,235,000	7/1/2025	1.90%-1.86%*	8,805,000	9,025,000
Centenary College: 2000 Series F	6,130,000	10/1/2020	.90%-1.70%*	5,500,000	5,500,000
Drew University: 1997 Series B	9,140,000	3/1/2005	4.787%	4,225,000	5,540,000
1998 Series C	27,935,000	7/1/2017	4.936%	24,760,000	25,860,000
Dormitory Safety Trust Fund: Series 2001 A	67,970,000	3/1/2016	4.239%	67,970,000	67,970,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	5,800,000	5,800,000
Equipment Leasing Fund: Series 2001 A	87,385,000	9/1/2009	3.089%	74,915,000	87,385,000
Fairleigh Dickinson University: 1993 Series C	40,000,000	7/1/2023	6.735%	35,760,000	36,550,000
1998 Series G	16,615,000	7/1/2028	5.796%	15,500,000	15,930,000
2002 Series D	63,650,000	7/1/2032	6.114%	63,650,000	-
Felician College: 1997 Series D	10,550,000	11/1/2022	7.375%	9,950,000	10,165,000
1997 Series D - taxable	2,000,000	11/1/2017	4.79%*	1,819,000	1,884,000
Georgian Court College: 1998 Series, Project B	6,455,000	7/1/2015	4.198%	5,885,000	6,325,000
Higher Education Facilities Trust Fund: Series 1995 A	220,000,000	9/1/2010	5.063%	137,950,000	151,550,000

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable (continued)					
Higher Education Technology Infrastructure Fund:					
Series 1998 A	\$ 55,000,000	9/1/2008	4.518%	\$ 33,080,000	\$ 37,755,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	124,685,000	128,835,000
Series 2000 B	145,295,000	9/1/2020	5.003%	137,745,000	142,330,000
Series 2002 A	194,590,000	9/1/2022	4.599%	194,590,000	–
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	14,360,000	15,085,000
1997 Series G	26,565,000	7/1/2028	5.111%	25,225,000	25,695,000
2001 Series A	11,000,000	7/1/2031	5.101%	11,000,000	11,000,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	.92-1.78%*	16,695,000	16,695,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	3,745,000	4,095,000
Series 1993 H	2,310,000	7/1/2018	5.199%	1,785,000	1,855,000
Series 1995 C	2,175,000	7/1/2007	4.671%	1,180,000	1,385,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,585,000	6,710,000
Series 1999 B	17,795,000	7/1/2025	4.807%	16,995,000	17,505,000
Series 2002 A	15,115,000	7/1/2032	4.949%	15,115,000	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	2,690,000	3,055,000
Series 1993 G	8,770,000	7/1/2018	4.965%	6,070,000	6,315,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	22,635,000	23,880,000
Series 2001 A	6,465,000	7/1/2016	4.474%	6,225,000	6,465,000
Monmouth University:					
1975 Series A	2,710,000	7/1/2002	8.132%	–	105,000
1993 Series A	14,365,000	7/1/2013	5.538%	9,760,000	10,380,000
1997 Series C	12,910,000	7/1/2022	5.732%	9,625,000	10,335,000
1998 Series D	8,815,000	7/1/2024	5.225%	7,390,000	7,765,000

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable (continued)					
Montclair State University:					
Series 1972 B	\$ 5,415,000	7/1/2007	5.926%	\$ 1,605,000	\$ 1,870,000
Series 1974 D	6,425,000	7/1/2008	6.173%	2,290,000	2,595,000
Series 1977 A	1,720,000	7/1/2008	6.263%	575,000	655,000
Series 1977 B	988,000	7/1/2008	3.000%	263,000	302,000
Series 1995 F	4,780,000	7/1/2025	5.517%	4,335,000	4,430,000
Series 1996 C	18,845,000	7/1/2012	5.356%	13,635,000	14,650,000
Series 1996 D	9,575,000	7/1/2012	5.358%	6,935,000	7,450,000
Series 1997 D	10,960,000	7/1/2027	5.007%	10,105,000	10,310,000
Series 1997 E	9,965,000	7/1/2021	5.007%	8,760,000	9,045,000
Series 2001 F	18,695,000	7/1/2031	5.072%	18,695,000	18,695,000
Series 2002 F	78,500,000	7/1/2032	1.00%-1.30%	78,500,000	–
New Jersey Institute of Technology:					
Series 1994 A	56,460,000	7/1/2024	6.136%	49,465,000	50,560,000
Series 1995 E	33,230,000	7/1/2025	5.408%	30,705,000	31,380,000
Series 2001 G	62,335,000	7/1/2031	4.932%	61,835,000	62,335,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	12,120,000	12,570,000
Princeton Theological Seminary:					
1996 Series B	16,210,000	7/1/2026	5.936%	16,210,000	16,210,000
1997 Series A	22,485,000	7/1/2022	4.988%	20,680,000	21,305,000
Princeton University:					
1992 Series F	17,330,000	7/1/2002	5.079%	–	2,145,000
1993 Series B	17,475,000	7/1/2003	4.168%	2,075,000	4,060,000
1994 Series A	46,060,000	7/1/2024	5.843%	10,795,000	13,370,000
1995 Series C	28,865,000	7/1/2025	5.078%	15,430,000	17,580,000
1996 Series C	24,530,000	7/1/2006	4.858%	11,255,000	13,730,000
1997 Series E	22,150,000	7/1/2007	4.423%	12,350,000	14,505,000
1998 Series E	19,010,000	7/1/2024	4.873%	17,300,000	17,760,000
1998 Series F	40,000,000	7/1/2018	4.438%	27,215,000	30,570,000
1999 Series A	45,500,000	7/1/2029	4.798%	42,890,000	43,715,000
1999 Series B	50,000,000	7/1/2019	4.980%	45,295,000	47,010,000
2000 Series E	50,000,000	7/1/2020	5.355%	47,070,000	48,575,000
2000 Series H	100,000,000	7/1/2030	5.336%	98,145,000	99,660,000
2001 Series B	100,000,000	7/1/2021	.50%-2.05%	97,500,000	100,000,000
2002 Series B	100,000,000	7/1/2031	.35%-1.70%	100,000,000	–

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable (continued)					
Rabbinical College of America:					
1985 Series D	\$ 1,883,000	4/1/2002	3.30%-5.63%*	\$ —	\$ 31,382
Ramapo College of New Jersey:					
Series 1973 A	1,760,000	7/1/2003	5.571%	115,000	225,000
Series 1993 D	3,120,000	7/1/2013	5.467%	2,145,000	2,285,000
Series 1993 E	17,870,000	7/1/2013	5.422%	11,500,000	12,415,000
Series 1997 A	7,330,000	7/1/2007	5.181%	7,330,000	7,330,000
Series 1998 G	16,845,000	7/1/2028	4.832%	15,830,000	16,150,000
Series 1998 H	2,000,000	7/1/2013	4.309%	1,630,000	1,745,000
Series 1998 I	955,000	7/1/2008	4.044%	645,000	735,000
Series 1999 E	19,900,000	7/1/2029	5.774%	19,580,000	19,900,000
Series 2001 D	40,480,000	7/1/2031	5.105%	40,480,000	40,480,000
Series 2001 E	2,535,000	7/1/2008	4.037%	2,225,000	2,535,000
Series 2002 H	28,655,000	7/1/2032	4.485%	28,655,000	—
Series 2002 I	2,145,000	7/1/2032	4.485%	2,145,000	—
Series 2002 J	29,620,000	7/1/2032	4.485%	29,620,000	—
Richard Stockton College of New Jersey:					
Series 1973 D	5,700,000	7/1/2008	5.885%	1,905,000	2,165,000
Series 1988 A	3,294,000	7/1/2016	3.000%	1,839,000	1,949,000
Series 1992 B	10,600,000	7/1/2010	6.322%	—	6,455,000
Series 1992 C	7,330,000	7/1/2005	6.085%	—	2,840,000
Series 1993 F	6,690,000	7/1/2023	5.356%	5,790,000	5,935,000
Series 1996 B	1,680,000	7/1/2006	4.774%	770,000	940,000
Series 1996 F	19,280,000	7/1/2027	5.494%	18,925,000	19,280,000
Series 1998 C	13,110,000	7/1/2028	5.089%	12,650,000	12,885,000
Series 2002 B	8,340,000	7/1/2010	3.482%	8,340,000	—
Rider University:					
1971 Series A	3,700,000	7/1/2009	6.895%	1,455,000	1,615,000
1992 Series D	31,735,000	7/1/2017	6.163%	—	27,960,000
1995 Series B	4,819,851	3/15/2007	6.221%	2,548,653	3,025,656
2002 Series A	27,560,000	7/1/2017	4.709%	27,560,000	—
Rowan University (formerly Glassboro State College):					
Series 1971 A	1,205,000	7/1/2005	6.245%	255,000	325,000
Series 1974 E	6,080,000	7/1/2009	6.944%	2,425,000	2,695,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,725,000	1,855,000
Series 1993 B	1,765,000	7/1/2006	5.162%	760,000	925,000

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable (continued)					
Rowan University (formerly Glassboro State College) (continued):					
Series 1993 C	\$ 10,955,000	7/1/2008	5.235%	\$ 5,310,000	\$ 6,070,000
Series 1997 B	6,770,000	7/1/2026	5.346%	6,170,000	6,325,000
Series 1997 C	9,035,000	7/1/2021	5.524%	8,285,000	8,510,000
Series 2000 B	51,620,000	7/1/2030	5.566%	51,620,000	51,620,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,645,000	8,790,000
Series 2001 C	60,930,000	7/1/2031	4.943%	57,755,000	59,305,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,920,000	–
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	2,270,000	2,575,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	34,365,000	35,340,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	20,005,000	20,100,000
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%	47,750,000	50,200,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	20,595,000	22,840,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	11,025,000	11,600,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
Stevens Institute of Technology:					
1992 Series A	18,995,000	7/1/2008	6.501%	–	1,445,000
1998 Series I	17,000,000	7/1/2028	5.109%	17,000,000	17,000,000
2002 Series C	59,585,000	7/1/2032	5.228%	59,585,000	–
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	2,740,000	3,195,000
Series 1976 D	5,580,000	7/1/2008	6.853%	2,110,000	2,385,000
Series 1992 A	9,955,000	7/1/2009	6.189%	–	6,510,000
Series 1992 E	56,160,000	7/1/2019	6.217%	–	53,780,000
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%	53,155,000	–
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	–
The College of Saint Elizabeth:					
2000 Series C	12,000,000	7/1/2030	1.30%-2.10%*	11,600,000	11,800,000

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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	
				2002	2001
Bonds Payable (continued)					
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	\$143,645,000	12/1/2025	5.319%	\$128,690,000	\$133,770,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,970,000	15,230,000
William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	1,355,000	1,540,000
Series 1976 A	5,685,000	7/1/2009	7.644%	2,510,000	2,770,000
Series 1981 B	5,000,000	7/1/2011	3.000%	2,085,000	2,285,000
Series 1991 F	21,605,000	7/1/2021	6.368%	–	9,315,000
Series 1998 D	6,575,000	7/1/2021	4.994%	6,180,000	6,365,000
Series 1999 D	12,785,000	7/1/2019	5.162%	11,905,000	12,355,000
Series 2000 A	26,425,000	7/1/2030	5.515%	26,080,000	26,425,000
Series 2002 E	42,125,000	7/1/2027	4.714%	42,125,000	–
Notes Payable					
Princeton University:					
1997 Series A - Commercial Paper	13,750,000	3/6/2002	1.30%-1.85%	91,700,000	64,100,000
Leases Payable					
Bloomfield College	315,000	4/1/2008	5.900%	194,404	223,502
Centenary College	640,000	4/30/2002	5.000%	–	85,000
Felician College	897,000	8/29/2005	5.550%	381,454	510,590
St. Peter's College	663,000	8/3/2006	5.630%	410,022	499,071
Ramapo College	1,377,090	10/1/2010	6.08%-6.16%	1,273,485	1,493,096
County College Capital Projects					
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	10,335,000	13,520,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	2,255,000	2,530,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	3,880,000	4,115,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	6,580,000	6,990,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	3,705,000	3,935,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	1,705,000	1,815,000
Hudson County Community College (Chapter 78), Series					
1999 G	2,035,000	9/1/2014	5.177%	1,730,000	1,835,000
Library Grant Program 2002 A	45,000,000	9/1/2022	4.560%	45,000,000	–
				\$ 3,401,164,018	\$2,689,923,297

* Variable rate issue – rates indicated are the range for the year.

New Jersey Educational Facilities Authority

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:

2003	\$ 128,494,489
2004	136,705,370
2005	143,900,941
2006	144,840,235
2007	150,799,177
Thereafter	<u>2,696,423,806</u>
	<u>\$3,401,164,018</u>

7. Refunded Bond Issues

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

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

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

Refunded bonds outstanding at December 31, 2002 comprise the following:

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

7. Refunded Bond Issues (continued)

Issue	Principal Amount	Refunded Issues		Debt Service Savings	Refunding Issues		
	Outstanding December 31, 2002	Principal Amount Refunded	Call Date		Date of Issuance	Issue	Original Amount of Issue
Princeton University Issue 1994 Series A	\$17,815,000	\$17,815,00	7/1/2004	\$1,401,467	7/21/98	1998 Series E	\$19,010,000
Monmouth University Issues 1994 Series B	1,690,000	2,350,00	7/1/2004				
1994 Series C	4,780,000	5,090,00	7/1/2004	367,193	8/6/98	1998 Series D	8,815,000
New Jersey City University (formerly Jersey City State College) Issues 1992 Series D	–	14,320,00	7/1/2002				
1995 Series A	2,085,000	2,245,00	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000
The College of New Jersey Issues 1994 Series B	22,250,000	24,090,00	7/1/2004				
1996 Series A	75,185,000	75,185,00	7/1/2006	6,271,500	4/26/99	Series 1999 A	146,455,000
Rowan University (formerly Glassboro State College) 1979 Series A	–	890,00	7/1/2001				
1993 Series A	8,250,000	8,450,00	7/1/2003				
1994 Series C	–	2,580,0	7/1/2001				
1996 Series E	37,035,000	38,635,00	7/1/2006	1,629,416	4/10/01	Series 2001 C	60,930,000