

FINANCIAL STATEMENTS AND
SUPPLEMENTAL FINANCIAL INFORMATION

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

December 31, 2003

New Jersey Educational Facilities Authority

Financial Statements and
Supplemental Financial Information

December 31, 2003

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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, 2003 and 2002, and the related statements of revenues, expenses and changes in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

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

Ernst & Young LLP

March 5, 2004

New Jersey Educational Facilities Authority

Management's Discussion and Analysis

Year ended December 31, 2003

Introduction

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

Overview of the Financial Statements

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

Reimbursement to State of New Jersey

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

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

Condensed Financial Information

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

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

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

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

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights

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

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

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

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

Contacting the Authority's Financial Management

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

New Jersey Educational Facilities Authority

Balance Sheets

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

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Revenues, Expenses and
Changes in Fund Net Assets

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

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Cash Flows

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

See accompanying notes.

New Jersey Educational Facilities Authority

Notes to Financial Statements

December 31, 2003

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

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

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Investments of the Authority comprise of the following:

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

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

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

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

5. Pension Plan

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

In addition to the pension benefits noted above, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, the Authority has agreed to pay the health insurance premiums for eligible pensioners and their dependents. These postretirement benefits are

New Jersey Educational Facilities Authority

Notes to Financial Statements (continued)

5. Pension Plan (continued)

available to all employees who retire from the Authority with at least twenty-five years of service credit in the PERS. Postretirement benefits are accrued based on actuarial calculations that utilize the projected unit credit cost method and a discount rate of 6.5%. At December 31, 2003 and 2002, the Authority has accrued \$570,000 and \$530,000, respectively. At December 31, 2003, the Plan had 15 participants of which 13 were active employees and 2 were retirees. Of the Plan participants 2 retirees and 1 active employee were eligible to receive benefits under the agreement.

6. Conduit Debt

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

7. Commitments and Contingencies

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

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

8. State of New Jersey Reimbursement

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

Supplemental Financial Information

New Jersey Educational Facilities Authority

Balance Sheets – Trustee Held Funds

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

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

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

New Jersey Educational Facilities Authority

Notes to Supplemental Financial Statements

December 31, 2003

1. Introduction

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

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

2. Significant Accounting Policies

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

3. Funds Held in Trust

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

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

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, 2003. Category 1 includes investments that are insured or registered, or held by the Authority or its agent in its name. The credit risk for all categorized investments held by the Authority are considered category 1 by GASB standards.

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

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

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

5. Loans and Leases Receivable

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

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

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	
	2003	2002
Loans:		
Drew University	\$ 2,162,500	\$ 3,545,000
Institute for Advanced Study	49,140,000	50,585,000
Princeton University	718,515,000	608,177,500
Mortgages:		
Beth Medrash Govoha	8,097,500	8,220,000
Bloomfield College	6,072,500	6,155,000
Caldwell College	12,872,500	13,185,000
Centenary College	14,655,000	5,500,000
College of Saint Elizabeth	11,327,272	11,527,273
Drew University	43,865,000	24,185,000
Fairleigh Dickinson University	112,945,000	114,267,500
Felician College	11,464,000	11,769,000
Georgian Court College	20,407,500	5,657,500
Institute for Defense Analysis	16,695,000	16,695,000
Monmouth University	24,757,500	26,115,000
New Jersey Institute of Technology	149,460,000	152,595,000
Princeton Theological Seminary	45,770,000	36,565,000
Rider University	27,572,500	28,550,000
Saint Peter's College	32,802,500	33,852,500
Seton Hall University	106,952,500	112,850,000
Stevens Institute of Technology	71,307,500	76,227,500
University of Medicine and Dentistry of New Jersey	137,925,000	143,660,000
Leases:		
Bloomfield College	163,551	194,404
Felician College	244,966	381,454
Kean University	109,150,000	36,480,000
Montclair State University	164,623,500	144,225,000
New Jersey City University (formerly Jersey City State College)	91,460,000	44,610,000
Ramapo College of New Jersey	150,545,127	161,253,485
Richard Stockton College of New Jersey	46,206,500	48,954,000
Rider University	2,041,528	2,548,653
Rowan University (formerly Glassboro State College)	230,425,000	156,040,000
Rutgers, The State University	1,772,500	2,107,500
Saint Peter's College	315,889	410,022
The College of New Jersey (formerly Trenton State College)	338,197,500	340,382,500
William Paterson University of New Jersey	88,115,000	91,010,000
Equipment Leasing Fund	74,585,000	74,915,000
Higher Education Capital Improvement Fund	447,885,000	457,020,000
Higher Education Facilities Trust Fund	123,635,000	137,950,000
Higher Education Technology Infrastructure Fund	28,180,000	33,080,000
County College Capital Projects Fund	25,430,000	30,190,000
Dormitory Safety Trust Fund	73,925,287	73,770,000
Library Grant Program	45,000,000	45,000,000
	\$3,666,667,620	\$3,370,405,791

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	
				2003	2002
Bonds Payable					
Beth Medrash Govoha:					
2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 8,160,000	\$ 8,280,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	6,115,000	6,195,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	4,340,000	4,420,000
2000 Series B	9,235,000	7/1/2025	Variable	8,575,000	8,805,000
Centenary College:					
2000 Series F	6,130,000	10/1/2020	Variable	–	5,500,000
2003 Series A	14,775,000	10/1/2033	Variable	14,655,000	–
Drew University:					
1997 Series B	9,140,000	3/1/2005	4.787%	2,865,000	4,225,000
1998 Series C	27,935,000	7/1/2017	4.936%	23,610,000	24,760,000
2003 Series C	20,855,000	7/1/2021	3.888%	20,855,000	–
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	63,115,000	67,970,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	5,385,000	5,800,000
Series 2003 A	5,440,000	3/1/2018	3.752%	5,440,000	–
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	61,965,000	74,915,000
Series 2003 A	12,620,000	9/1/2011	2.517%	12,620,000	–
Fairleigh Dickinson University:					
1993 Series C	40,000,000	7/1/2023	6.735%	34,920,000	35,760,000
1998 Series G	16,615,000	7/1/2028	5.796%	15,055,000	15,500,000
2002 Series D	63,650,000	7/1/2032	6.114%	63,650,000	63,650,000
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	9,715,000	9,950,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	1,749,000	1,819,000
Georgian Court College:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	5,430,000	5,885,000
2003 Series Project C	15,215,000	7/1/2033	5.991%	15,215,000	–
Higher Education Facilities Trust Fund:					
Series 1995 A	220,000,000	9/1/2010	5.063%	123,635,000	137,950,000

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	
				2003	2002
Bonds Payable (continued)					
Higher Education Technology Infrastructure Fund:					
Series 1998 A	\$ 55,000,000	9/1/2008	4.518%	\$ 28,180,000	\$ 33,080,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	120,335,000	124,685,000
Series 2000 B	145,295,000	9/1/2020	5.003%	132,960,000	137,745,000
Series 2002 A	194,590,000	9/1/2022	4.599%	194,590,000	194,590,000
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	13,600,000	14,360,000
1997 Series G	26,565,000	7/1/2028	5.111%	24,735,000	25,225,000
2001 Series A	11,000,000	7/1/2031	5.101%	10,805,000	11,000,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	16,695,000	16,695,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	3,370,000	3,745,000
Series 1993 H	2,310,000	7/1/2018	5.199%	–	1,785,000
Series 1995 C	2,175,000	7/1/2007	4.671%	965,000	1,180,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,455,000	6,585,000
Series 1999 B	17,795,000	7/1/2025	4.807%	16,465,000	16,995,000
Series 2002 A	15,115,000	7/1/2032	4.949%	14,850,000	15,115,000
Series 2003 A	47,850,000	7/1/2032	Variable	47,850,000	–
Series 2003 B	2,300,000	7/1/2018	5.659%	2,300,000	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	2,305,000	2,690,000
Series 1993 G	8,770,000	7/1/2018	4.965%	5,815,000	6,070,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	21,335,000	22,635,000
Series 2001 A	6,465,000	7/1/2016	4.474%	5,885,000	6,225,000
Series 2003 D	75,000,000	7/1/2033	4.811%	75,000,000	–
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	45,000,000	45,000,000

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	
				2003	2002
Bonds Payable (continued)					
Monmouth University:					
1993 Series A	\$ 14,365,000	7/1/2013	5.538%	\$ 9,105,000	\$ 9,760,000
1997 Series C	12,910,000	7/1/2022	5.732%	9,350,000	9,625,000
1998 Series D	8,815,000	7/1/2024	5.225%	7,000,000	7,390,000
Montclair State University:					
Series 1972 B	5,415,000	7/1/2007	5.926%	1,320,000	1,605,000
Series 1974 D	6,425,000	7/1/2008	6.173%	1,965,000	2,290,000
Series 1977 A	1,720,000	7/1/2008	6.263%	495,000	575,000
Series 1977 B	988,000	7/1/2008	3.000%	222,000	263,000
Series 1995 F	4,780,000	7/1/2025	5.517%	4,235,000	4,335,000
Series 1996 C	18,845,000	7/1/2012	5.356%	12,570,000	13,635,000
Series 1996 D	9,575,000	7/1/2012	5.358%	6,395,000	6,935,000
Series 1997 D	10,960,000	7/1/2027	5.007%	9,890,000	10,105,000
Series 1997 E	9,965,000	7/1/2021	5.007%	8,465,000	8,760,000
Series 2001 F	18,695,000	7/1/2031	5.072%	18,695,000	18,695,000
Series 2002 F	78,500,000	7/1/2032	Variable	78,500,000	78,500,000
Series 2003 E	23,425,000	7/1/2033	Variable	23,425,000	–
New Jersey Institute of Technology:					
Series 1994 A	56,460,000	7/1/2024	6.136%	48,305,000	49,465,000
Series 1995 E	33,230,000	7/1/2025	5.408%	30,000,000	30,705,000
Series 2001 G	62,335,000	7/1/2031	4.932%	61,215,000	61,835,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	11,545,000	12,120,000
Princeton Theological Seminary:					
1996 Series B	16,210,000	7/1/2026	5.936%	–	16,210,000
1997 Series A	22,485,000	7/1/2022	4.988%	20,030,000	20,680,000
2002 Series G	26,125,000	7/1/2032	4.824%	26,125,000	–
Princeton University:					
1993 Series B	17,475,000	7/1/2003	4.168%	–	2,075,000
1994 Series A	46,060,000	7/1/2024	5.843%	2,855,000	10,795,000
1995 Series C	28,865,000	7/1/2025	5.078%	7,310,000	15,430,000
1996 Series C	24,530,000	7/1/2006	4.858%	2,735,000	11,255,000
1997 Series E	22,150,000	7/1/2007	4.423%	2,355,000	12,350,000
1998 Series E	19,010,000	7/1/2024	4.873%	16,820,000	17,300,000
1998 Series F	40,000,000	7/1/2018	4.438%	12,015,000	27,215,000
1999 Series A	45,500,000	7/1/2029	4.798%	42,030,000	42,890,000
1999 Series B	50,000,000	7/1/2019	4.980%	18,070,000	45,295,000
2000 Series E	50,000,000	7/1/2020	5.355%	17,865,000	47,070,000

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	
				2003	2002
Bonds Payable (continued)					
Princeton University (continued):					
2000 Series H	\$100,000,000	7/1/2030	5.336%	\$ 69,850,000	\$ 98,145,000
2001 Series B	100,000,000	7/1/2021	Variable	94,200,000	97,500,000
2002 Series B	100,000,000	7/1/2031	Variable	96,975,000	100,000,000
2003 Series D	114,495,000	7/1/2019	3.727%	114,495,000	–
2003 Series E	112,510,000	7/1/2028	3.944%	112,510,000	–
2003 Series F	75,000,000	7/1/2023	Variable	75,000,000	–
Ramapo College of New Jersey:					
Series 1973 A	1,760,000	7/1/2003	5.571%	–	115,000
Series 1993 D	3,120,000	7/1/2013	5.467%	–	2,145,000
Series 1993 E	17,870,000	7/1/2013	5.422%	–	11,500,000
Series 1997 A	7,330,000	7/1/2007	5.181%	–	7,330,000
Series 1998 G	16,845,000	7/1/2028	4.832%	15,500,000	15,830,000
Series 1998 H	2,000,000	7/1/2013	4.309%	1,510,000	1,630,000
Series 1998 I	955,000	7/1/2008	4.044%	550,000	645,000
Series 1999 E	19,900,000	7/1/2029	5.774%	19,245,000	19,580,000
Series 2001 D	40,480,000	7/1/2031	5.105%	40,480,000	40,480,000
Series 2001 E	2,535,000	7/1/2008	4.037%	1,885,000	2,225,000
Series 2002 H	28,655,000	7/1/2032	4.485%	28,610,000	28,655,000
Series 2002 I	2,145,000	7/1/2032	4.485%	2,085,000	2,145,000
Series 2002 J	29,620,000	7/1/2032	4.485%	29,580,000	29,620,000
Series 2003 F	1,820,000	7/1/2013	3.257%	1,820,000	–
Series 2003 G	9,300,000	7/1/2013	3.110%	9,300,000	–
Richard Stockton College of New Jersey:					
Series 1973 D	5,700,000	7/1/2008	5.885%	1,630,000	1,905,000
Series 1988 A	3,294,000	7/1/2016	3.000%	1,724,000	1,839,000
Series 1993 F	6,690,000	7/1/2023	5.356%	5,635,000	5,790,000
Series 1996 B	1,680,000	7/1/2006	4.774%	590,000	770,000
Series 1996 F	19,280,000	7/1/2027	5.494%	18,550,000	18,925,000
Series 1998 C	13,110,000	7/1/2028	5.089%	12,405,000	12,650,000
Series 2002 B	8,340,000	7/1/2010	3.482%	7,155,000	8,340,000
Rider University:					
1971 Series A	3,700,000	7/1/2009	6.895%	1,285,000	1,455,000
2002 Series A	27,560,000	7/1/2017	4.709%	26,800,000	27,560,000

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	
				2003	2002
Bonds Payable (continued)					
Rowan University (formerly Glassboro State College):					
Series 1971 A	\$ 1,205,000	7/1/2005	6.245%	\$ 175,000	\$ 255,000
Series 1974 E	6,080,000	7/1/2009	6.944%	2,140,000	2,425,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,590,000	1,725,000
Series 1993 B	1,765,000	7/1/2006	5.162%	–	760,000
Series 1993 C	10,955,000	7/1/2008	5.235%	–	5,310,000
Series 1997 B	6,770,000	7/1/2026	5.346%	6,010,000	6,170,000
Series 1997 C	9,035,000	7/1/2021	5.524%	8,020,000	8,285,000
Series 2000 B	51,620,000	7/1/2030	5.566%	50,760,000	51,620,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,490,000	8,645,000
Series 2001 C	60,930,000	7/1/2031	4.943%	56,145,000	57,755,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,920,000	14,920,000
Series 2003 I	64,910,000	7/1/2030	4.714%	64,910,000	–
Series 2003 J	4,555,000	7/1/2008	2.258%	4,555,000	–
Series 2003 K	14,700,000	7/1/2033	Variable	14,700,000	–
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	1,945,000	2,270,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	33,340,000	34,365,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	19,905,000	20,005,000
1998 Series, Project F	7,620,000	7/1/2021	5.189%	7,620,000	7,620,000
1999 Refunding Series	50,450,000	7/1/2018	5.122%	45,170,000	47,750,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	18,140,000	20,595,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	10,390,000	11,025,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
Stevens Institute of Technology:					
1992 Series A	18,995,000	7/1/2008	6.501%	–	–
1998 Series I	17,000,000	7/1/2028	5.109%	16,285,000	17,000,000
2002 Series C	59,585,000	7/1/2032	5.228%	57,585,000	59,585,000
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	2,255,000	2,740,000
Series 1976 D	5,580,000	7/1/2008	6.853%	1,815,000	2,110,000
Series 1999 A	146,455,000	7/1/2029	4.948%	144,855,000	144,855,000
Series 2002 C	53,155,000	7/1/2019	4.480%	51,880,000	53,155,000
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	138,550,000

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	
				2003	2002
Bonds Payable (continued)					
The College of Saint Elizabeth:					
2000 Series C	\$ 12,000,000	7/1/2030	Variable	\$ 11,400,000	\$ 11,600,000
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	123,225,000	128,690,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,700,000	14,970,000
William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	1,160,000	1,355,000
Series 1976 A	5,685,000	7/1/2009	7.644%	2,230,000	2,510,000
Series 1981 B	5,000,000	7/1/2011	3.000%	1,880,000	2,085,000
Series 1998 D	6,575,000	7/1/2021	4.994%	5,990,000	6,180,000
Series 1999 D	12,785,000	7/1/2019	5.162%	11,435,000	11,905,000
Series 2000 A	26,425,000	7/1/2030	5.515%	25,715,000	26,080,000
Series 2002 E	42,125,000	7/1/2027	4.714%	41,370,000	42,125,000
Notes Payable					
Princeton University:					
1997 Series A - Commercial Paper	120,000,000*	N/A	Variable	45,600,000	91,700,000
Leases Payable					
Bloomfield College	315,000	4/1/2008	5.900%	163,551	194,404
Felician College	897,000	8/29/2005	5.550%	244,966	381,454
Ramapo College	1,377,090	10/1/2010	Variable	1,040,128	1,273,485
Rider University	4,819,851	3/15/2007	6.221%	2,041,528	2,548,653
St. Peter's College	663,000	8/3/2006	5.630%	315,889	410,022
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	6,980,000	10,335,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	1,975,000	2,255,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	3,630,000	3,880,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	6,160,000	6,580,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	3,470,000	3,705,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	1,595,000	1,705,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	1,620,000	1,730,000
				\$3,701,671,062	\$ 3,401,164,018

* Maximum authorized amount.

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:

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

7. Refunded Bond Issues

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

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

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

New Jersey Educational Facilities Authority

Notes to Supplemental Financial Statements (continued)

7. Refunded Bond Issues (continued)

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

Issue	Principal Amount Outstanding December 31, 2003	Refunded Issues		Debt Service Savings	Refunding Issues		
		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
1994 Series A	5,235,000	5,235,00	7/1/2004	5,434,717	10/23/03	2003 Series D	114,495,000
1995 Series C	5,870,000	5,870,00	7/1/2005				
1996 Series C	5,915,000	5,915,00	1/1/2004				
1997 Series E	7,745,000	7,745,00	7/1/2004				
1998 Series F	11,710,000	11,710,00	7/1/2005				
1999 Series B	25,440,000	25,440,00	7/1/2009				
2000 Series E	27,615,000	27,615,00	7/1/2010				
2000 Series H	26,700,000	26,700,00	7/1/2010				
Monmouth University Issues							
1994 Series B	1,495,000	2,350,00	7/1/2004	367,193	8/6/98	1998 Series D	8,815,000
1994 Series C	4,690,000	5,090,00	7/1/2004				
New Jersey City University (formerly Jersey City State College) Issues							
1995 Series A	2,040,000	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	21,730,000	24,090,00	7/1/2004	6,271,500	4/26/99	Series 1999 A	146,455,000
1996 Series A	75,185,000	75,185,00	7/1/2006				
Rowan University (formerly Glassboro State College)							
1993 Series A	-	8,450,00	7/1/2003	1,629,416	4/10/01	Series 2001 C	60,930,000
1996 Series E	36,180,000	38,635,00	7/1/2006				
Princeton Theological Seminary Issue							
1996 Series B	16,210,000	16,210,00	7/1/2006	345,011	1/22/03	2002 Series G	26,125,000