Financial Statements and Supplemental Financial Information

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

December 31, 2005

New Jersey Educational Facilities Authority

Financial Statements and
Supplemental Financial Information

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Contents

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 page 2.

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 assess to the Audit Committee.

Roger L. Anderson	Donald D. Uyhazi
Executive Director	Controller

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, 2005 and 2004, 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, 2005 and 2004, 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.

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 8, 2006

New Jersey Educational Facilities Authority

Management's Discussion and Analysis

Year ended December 31, 2005

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, 2005 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.

Condensed Financial Information

The following table represents condensed balance sheet information and changes between December 31, 2004 and December 31, 2005 and December 31, 2003 and December 31, 2005:

	2005	2004	2003	Increase (Decrease) 2004 to 2005	Increase (Decrease) 2003 to 2005
Current assets	**$ 7,527,476**	$8,132,885	$7,118,561	(7.44%)	5.74%
Noncurrent assets	**326,813**	300,177	280,285	8.87%	16.60%
Total assets	**7,854,289**	8,433,062	7,398,846	(6.86%)	6.16%
Current liabilities	**250,367**	147,837	301,172	69.35%	(16.87%)
Noncurrent liabilities	**1,432,783**	1,021,860	630,100	40.21%	127.39%
Total liabilities	**1,683,150**	1,169,697	931,272	43.90%	80.74%
Total net assets	**$ 6,171,139**	$7,263,365	$6,467,574	(15.04%)	(4.58%)

The following table represents condensed information from the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and changes between 2004 and 2005 and 2003 and 2005:

	2005	2004	2003	Increase (Decrease) 2004 to 2005	Increase (Decrease) 2003 to 2005
Operating revenues:					
Administrative fees	**$ 3,763,905**	$3,435,571	$3,007,246	9.56%	25.16%
Total operating revenues	**3,763,905**	3,435,571	3,007,246	9.56%	25.16%
Operating expenses:					
Salaries and related expenses	**1,479,837**	1,337,167	1,164,583	10.67%	27.07%
Provision for post-retirement benefits	**97,332**	395,000	40,000	(75.36%)	143.33%
General expenses	**964,425**	980,372	971,808	(1.63%)	(0.76%)
Total operating expenses	**2,541,594**	2,712,539	2,176,391	(6.30%)	16.78%
Operating income	**1,222,311**	723,032	830,855	69.05%	47.11%
Nonoperating revenues (expenses):					
(Loss) gain on asset disposal	**122**	–	(14,698)	N/A	N/A
State of New Jersey reimbursement	**(2,500,000)**	–	–	N/A	N/A
Investment income	**185,341**	72,759	58,409	154.73%	217.32%
Change in net assets	**(1,092,226)**	795,791	874,566	(237.25%)	224.89%
Net assets beginning of year	**7,263,365**	6,467,574	5,593,008	12.30%	29.87%
Net assets end of year	**$ 6,171,139**	$7,263,365	$6,467,574	(15.04%)	(4.58%)

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights:

- 2005 financing activity set a new record of $960 million of debt issued.
- 2005 operating revenues were 10% above 2004 levels and 25% over 2003 levels.
- 2005 operating expenses were 6% below 2004 levels and 17% above 2003 levels.
- Operating margins were 32% in 2005, 21% in 2004, and 28% in 2003.

During 2004 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. Low 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. The Authority also continued to finance State-supported programs, for multiple borrowers, as authorized by the New Jersey Legislature and Governor.

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 $328,334, or 10%, in 2005, following an increase of $428,325, or 14%, in 2004.

Expenses

To accommodate this increased demand, the Authority's operating expenses also increased over the past two years, but at a rate significantly below the rate of revenue increases. While revenues increased 25% over the two-year period from 2003 to 2005, expenses increased by 17%, leading to an improved operating margin.

Assets and Liabilities

Following the payment of $2,500,000 to the State of New Jersey as described above, net assets decreased by 5% over the past two years. At the end of 2005, net assets equaled over 2.4 times annual 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.

New Jersey Educational Facilities Authority

Balance Sheets

	December 31	
	2005	**2004**
Assets		
Current assets:		
Cash	**$ 56,260**	$ 46,587
Investments, principally U.S. Government obligations	**6,874,253**	7,887,188
Fees receivable	**532,857**	145,493
Prepaid expenses	**64,106**	53,617
Total current assets	**7,527,476**	8,132,885
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of $328,139 and $279,039 during 2005 and 2004, respectively	**326,813**	300,177
	$ 7,854,289	$8,433,062
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 250,367**	$ 147,837
Noncurrent liabilities:		
Post-retirement benefits other than pension	**1,041,000**	965,000
Project obligations	**391,783**	56,860
Total noncurrent liabilities	**1,432,783**	1,021,860
Net assets:		
Unrestricted	**5,844,326**	6,963,188
Invested in capital assets	**326,813**	300,177
Total net assets	**6,171,139**	7,263,365
Total liabilities and net assets	**$ 7,854,289**	$8,433,062

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Revenues, Expenses and Changes in Fund Net Assets

	Year ended December 31	
	2005	**2004**
Operating revenues:		
Administrative fees	**$3,763,905**	$3,435,571
Total operating revenues	**3,763,905**	3,435,571
Operating expenses:		
Salaries and related expenses	**1,479,837**	1,337,167
General and administrative expenses	**792,887**	787,749
Provision for post-retirement benefits	**97,332**	395,000
Professional fees	**171,538**	192,623
Total operating expenses	**2,541,594**	2,712,539
Operating income	**1,222,311**	723,032
Nonoperating revenue (expense):		
State of New Jersey reimbursement	**(2,500,000)**	–
Gain on asset disposal	**122**	–
Investment income	**185,341**	72,759
Net changes in net assets	**(1,092,226)**	795,791
Net assets at beginning of year	**7,263,365**	6,467,574
Net assets at end of year	**$6,171,139**	$7,263,365

See accompanying notes.

New Jersey Educational Facilities Authority

Statements of Cash Flows

	Year ended December 31 2005	2004
Cash flows from operating activities		
Cash received from administrative fees	**$ 2,444,254**	$ 3,538,668
Cash payments for operating expenses	**(1,024,125)**	(2,388,505)
Net cash provided by operating activities	**1,420,129**	1,150,163
Cash flows from investing activities		
Purchase of investments	**(13,899,480)**	(15,164,135)
Sale and maturity of investments	**14,937,980**	13,971,172
Investment income	**159,776**	66,955
Net cash used in investing activities	**1,198,276**	(1,126,008)
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, net of disposals	**(108,732)**	(94,411)
Net cash used in capital and related financing activities	**(108,732)**	(94,411)
Net increase (decrease) in cash	**9,673**	(70,256)
Cash at beginning of year	**46,587**	116,843
Cash at end of year	**$ 56,260**	$ 46,587
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 1,222,311**	$ 723,032
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**82,218**	74,519
Changes in assets and liabilities:		
Fees receivable and prepaids	**(397,853)**	114,187
Accounts payable	**102,530**	(153,335)
Public library project obligation	**334,923**	(3,240)
Post-retirement benefits obligation	**76,000**	395,000
Net cash provided by operating activities	**$ 1,420,129**	$ 1,150,163
Supplemental schedule of noncash investing activities		
Change in fair value of investments	**$ 25,565**	$ 20,930

See accompanying notes.

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 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.

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. Cash and Investments

At year-end, the Authority's bank balance was $50,334 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.

Investments of the Authority comprise the following:

	2005	**2004**
Investments:		
U.S. Treasury Bills	**$6,871,425**	$7,762,963
Money Market Mutual Fund	**2,828**	124,225
Total investments	**$6,874,253**	$7,887,188

In 2005 and 2004, the Authority had $2,828 and $124,225, 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.

As of December 31, 2004, the Authority implemented early the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and, accordingly, the Authority has assessed the Custodial Credit Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its Cash and Investments.

3. Cash and Investments (continued)

(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, 2005, 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, 2005 and 2004, the Authority's investments were comprised of U.S. Treasury Bills in the amount of $6,871,425 and $7,762,963, 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 the 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, 2005 the Authority was not exposed to a concentration of credit risk.

3. Cash and Investments (continued)

(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 under the Authority's investment policy. 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 that lower the cost and risk. As of December 31, 2005, the U.S. Treasury Bills had maturities ranging from January 5, 2006 through June 22, 2006.

For the years ended December 31, 2005 and 2004, investment income comprised the following:

	2005	**2004**
Interest earnings	**$159,776**	$51,829
Net increase in fair value of investments	**25,565**	20,930
	$185,341	$72,759

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, 2005 and 2004 was $6,927 and $-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, was 5% in 2005 and 3% in 2004.

4. Pension Plan (continued)

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 5.75%. At December 31, 2005 and 2004, the Authority has accrued $1,041,000 and $965,000, respectively. At December 31, 2005, the Plan had 17 participants of which 15 were active employees and 2 were retirees. Of the Plan participants, 2 retirees and 2 active employees were eligible to receive benefits.

5. 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 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, 2005, the amount of conduit debt outstanding totaled $4,206,243,986.

6. 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 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.

7. 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 Board 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, 2003	$ 280,285	$ 6,187,289	$ 6,467,574
Net asset change	–	795,791	795,791
Capital asset additions	94,411	(94,411)	–
Depreciation	(74,519)	74,519	–
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 net 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

Supplemental Financial Information

New Jersey Educational Facilities Authority

Balance Sheets – Trustee Held Funds

	December 31	
	2005	**2004**
Assets		
Cash	**$ 1,852**	$ 947,105
Investments, principally U.S. Government obligations	**821,334,228**	977,534,223
Accrued interest receivable	**570,421**	533,272
Due from colleges and universities	**7,718,149**	8,664,361
Loans and leases receivable	**4,166,716,486**	4,000,361,470
U.S. Government debt service subsidies receivable	**82,137**	82,137
	$4,996,423,273	$4,988,122,568
Liabilities		
Accounts payable and accrued expenses	**$ 31,700,929**	$ 18,001,806
Accrued interest payable	**72,571,057**	72,403,082
Bonds and notes payable	**4,206,243,986**	4,037,190,470
Funds held in trust	**685,907,301**	860,527,210
	$4,996,423,273	$4,988,122,568

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	
	2005	**2004**
Funds held in trust at beginning of year	**$ 860,527,210**	$ 928,163,265
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	**959,935,000**	666,700,000
Bond premium, net	**39,374,900**	31,490,057
Interest accrued to date of delivery	**207,673**	755,398
Annual loan and rental requirements	**302,058,564**	291,510,717
Investment income	**17,046,725**	13,376,387
College and university contributions (returned)	**(702,566)**	5,849,192
U.S. Government debt service subsidies	**1,309,676**	1,342,127
Change in investment valuation reserve	**(354,865)**	(965,807)
Total additions	**1,318,875,107**	1,010,058,071
Deductions:		
Debt service:		
Interest	**185,422,515**	174,039,901
Principal	**150,632,483**	194,813,593
Project costs	**474,664,499**	554,645,463
Issuance costs	**11,255,474**	10,762,794
Administrative fees	**2,832,141**	2,619,779
Transfers to escrow accounts for defeasance of refunded issues	**668,687,904**	140,812,596
Total deductions	**1,493,495,016**	1,077,694,126
Decrease in funds held in trust	**(174,619,909)**	(67,636,055)
Funds held in trust at end of year	**$ 685,907,301**	$ 860,527,210

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

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 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, 2005 and 2004:

	2005	**2004**
Construction funds	**$522,122,958**	$690,072,948
Debt service funds	**15,576,578**	16,079,795
Debt service reserve funds	**123,336,925**	127,401,152
Renewal and replacement accounts	**24,870,840**	26,973,315
	$685,907,301	$860,527,210

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:

	2005	**2004**
Investments:		
Collateralized investment agreements	**$476,553,662**	$479,558,271
U.S. Treasury and agency obligations*	**344,780,566**	497,975,952
Total investments	**$821,334,228**	$977,534,223

* Includes $173,494,148 and $351,421,380 of investments in pooled U.S. Treasury funds at December 31, 2005 and 2004, respectively, which are uncategorized.

5. Loans and Leases Receivable

Since its inception, the Authority has issued obligations of $8,329,970,749 and $7,370,035,749 as of December 31, 2005 and 2004, 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.

5. Loans and Leases Receivable (continued)

Restricted fund receivables comprise the following:

	December 31	
	2005	**2004**
Loans:		
Drew University	**$ –**	$ 730,000
Institute for Advanced Study	**46,040,000**	47,625,000
Princeton University	**911,105,000**	827,607,500
Mortgages:		
Beth Medrash Govoha	**7,830,000**	7,967,500
Bloomfield College	**5,892,500**	5,985,000
Caldwell College	**12,200,000**	12,545,000
Centenary College	**12,955,000**	13,750,000
College of Saint Elizabeth	**10,810,000**	11,080,000
Drew University	**41,030,000**	42,640,000
Fairleigh Dickinson University	**111,172,500**	112,867,500
Felician College	**10,788,000**	11,139,000
Georgian Court University	**19,050,000**	19,802,500
Institute for Defense Analysis	**15,830,000**	16,220,000
Monmouth University	**21,822,500**	23,327,500
New Jersey Institute of Technology	**143,065,000**	144,395,000
Princeton Theological Seminary	**44,175,000**	44,987,500
Rider University	**39,110,000**	40,957,500
Saint Peter's College	**30,542,500**	31,702,500
Seton Hall University	**152,105,000**	100,792,500
Stevens Institute of Technology	**78,307,500**	80,650,000
University of Medicine and Dentistry of New Jersey	**120,050,000**	129,125,000
Leases:		
Bloomfield College	**96,150**	130,837
Felician College	**–**	100,707
Kean University	**200,322,500**	106,720,000
Montclair State University	**247,410,000**	251,953,500
New Jersey City University (formerly Jersey City State College)	**109,660,000**	89,835,000
Ramapo College of New Jersey	**199,131,180**	203,592,164
Richard Stockton College of New Jersey	**64,804,000**	43,264,000
Rider University	**929,184**	1,502,380
Rowan University (formerly Glassboro State College)	**280,780,000**	286,160,000
Rutgers, The State University	**1,040,000**	1,417,500
Saint Peter's College	**111,194**	216,382
Thomas Edison State College	**1,591,778**	–
The College of New Jersey (formerly Trenton State College)	**333,255,000**	335,812,500
William Paterson University of New Jersey	**109,400,000**	113,925,000
Equipment Leasing Fund	**43,085,000**	59,200,000
Higher Education Capital Improvement Fund	**507,815,000**	515,035,000
Higher Education Facilities Trust Fund	**90,980,000**	108,570,000
Higher Education Technology Infrastructure Fund	**17,680,000**	23,050,000
County College Capital Projects Fund	**18,655,000**	20,470,000
Dormitory Safety Trust Fund	**62,830,000**	68,510,000
Library Grant Program	**43,260,000**	45,000,000
	$4,166,716,486	$4,000,361,470

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 2005	2004
Bonds Payable					
Beth Medrash Govoha:					
2000 Series G	$ 8,505,000	7/1/2030	6.720%	**$ 7,900,000**	$ 8,035,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	**5,940,000**	6,030,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	**4,165,000**	4,255,000
2000 Series B	9,235,000	7/1/2025	Variable	**8,085,000**	8,335,000
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	**12,955,000**	13,750,000
Drew University:					
1997 Series B	9,140,000	3/1/2005	4.787%	**–**	1,460,000
1998 Series C	27,935,000	7/1/2017	4.936%	**21,160,000**	22,410,000
2003 Series C	20,855,000	7/1/2021	3.888%	**20,855,000**	20,855,000
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	**53,405,000**	58,260,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	**4,555,000**	4,970,000
Series 2003 A	5,440,000	3/1/2018	3.752%	**4,870,000**	5,280,000
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	**34,180,000**	48,420,000
Series 2003 A	12,620,000	9/1/2011	2.517%	**8,905,000**	10,780,000
Fairleigh Dickinson University:					
1998 Series G	16,615,000	7/1/2028	5.796%	**14,285,000**	14,585,000
2002 Series D	63,650,000	7/1/2032	6.114%	**62,645,000**	63,650,000
2004 Series C	35,285,000	7/1/2023	5.534%	**35,285,000**	35,285,000
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	**9,384,000**	9,465,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	**1,404,000**	1,674,000
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	**4,455,000**	4,955,000
2003 Series, Project C	15,215,000	7/1/2033	5.991%	**14,980,000**	15,215,000
Higher Education Facilities Trust Fund:					
Series 1995 A	220,000,000	9/1/2010	5.063%	**–**	108,570,000
Series 2005 A	90,980,000	9/1/2010	3.286%	**90,980,000**	–

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2005	2004
Bonds Payable (continued)					
Higher Education Technology Infrastructure Fund:					
Series 1998 A	$ 55,000,000	9/1/2008	4.518%	**$ 17,680,000**	$ 23,050,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	**51,585,000**	115,775,000
Series 2000 B	145,295,000	9/1/2020	5.003%	**56,975,000**	127,945,000
Series 2002 A	194,590,000	9/1/2022	4.599%	**152,740,000**	194,590,000
Series 2004 A	76,725,000	9/1/2024	4.352%	**76,725,000**	76,725,000
Series 2005 A	169,790,000	9/1/2019	4.121%	**169,790,000**	–
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	**11,970,000**	12,805,000
1997 Series G	26,565,000	7/1/2028	5.111%	**23,680,000**	24,220,000
2001 Series A	11,000,000	7/1/2031	5.101%	**10,390,000**	10,600,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	**15,830,000**	16,220,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	**2,555,000**	2,975,000
Series 1995 C	2,175,000	7/1/2007	4.671%	**505,000**	740,000
Series 1998 E	6,945,000	7/1/2028	5.165%	**6,170,000**	6,315,000
Series 1999 B	17,795,000	7/1/2025	4.807%	**15,335,000**	15,910,000
Series 2002 A	15,115,000	7/1/2032	4.949%	**14,290,000**	14,575,000
Series 2003 A	47,850,000	7/1/2032	Variable	**47,800,000**	47,850,000
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%	**21,575,000**	–
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	**1,460,000**	1,895,000
Series 1993 G	8,770,000	7/1/2018	4.965%	**–**	5,545,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	**18,585,000**	19,985,000
Series 2001 A	6,465,000	7/1/2016	4.474%	**5,170,000**	5,535,000
Series 2003 D	75,000,000	7/1/2033	4.811%	**75,000,000**	75,000,000
Series 2005 B	101,915,000	7/1/2037	4.681%	**101,915,000**	–
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	**43,260,000**	45,000,000

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2005	2004
Bonds Payable (continued)					
Monmouth University:					
1993 Series A	$ 14,365,000	7/1/2013	5.538%	**$ 7,685,000**	$ 8,415,000
1997 Series C	12,910,000	7/1/2022	5.732%	**8,750,000**	9,055,000
1998 Series D	8,815,000	7/1/2024	5.225%	**6,160,000**	6,590,000
Montclair State University:					
Series 1972 B	5,415,000	7/1/2007	5.926%	**700,000**	1,020,000
Series 1974 D	6,425,000	7/1/2008	6.173%	**1,250,000**	1,620,000
Series 1977 A	1,720,000	7/1/2008	6.263%	**–**	405,000
Series 1977 B	988,000	7/1/2008	3.000%	**–**	180,000
Series 1995 F	4,780,000	7/1/2025	5.517%	**–**	110,000
Series 1996 C	18,845,000	7/1/2012	5.356%	**10,265,000**	11,445,000
Series 1996 D	9,575,000	7/1/2012	5.358%	**5,225,000**	5,830,000
Series 1997 D	10,960,000	7/1/2027	5.007%	**9,435,000**	9,665,000
Series 1997 E	9,965,000	7/1/2021	5.007%	**7,830,000**	8,155,000
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	4.489%	**78,500,000**	78,500,000
Series 2003 E	23,425,000	7/1/2033	4.445%	**23,425,000**	23,425,000
Series 2003 L	94,540,000	7/1/2034	4.541%	**94,540,000**	94,540,000
New Jersey Institute of Technology:					
Series 2001 G	62,335,000	7/1/2031	4.932%	**59,925,000**	60,580,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	**10,290,000**	10,935,000
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%	**18,645,000**	19,350,000
2002 Series G	26,125,000	7/1/2032	4.824%	**25,945,000**	26,035,000
Princeton University:					
1998 Series E	19,010,000	7/1/2024	4.873%	**1,020,000**	16,320,000
1998 Series F	40,000,000	7/1/2018	4.438%	**3,950,000**	8,385,000
1999 Series A	45,500,000	7/1/2029	4.798%	**29,815,000**	41,140,000
1999 Series B	50,000,000	7/1/2019	4.980%	**8,730,000**	16,210,000
2000 Series E	50,000,000	7/1/2020	5.355%	**10,475,000**	16,185,000

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2005	2004
Bonds Payable (continued)					
Princeton University (continued):					
1995 Series C	$ 28,865,000	7/1/2025	5.078%	**$ –**	$ 4,955,000
2000 Series H	100,000,000	7/1/2030	5.336%	**20,965,000**	68,170,000
2001 Series B	100,000,000	7/1/2021	Variable	**87,000,000**	90,700,000
2002 Series B	100,000,000	7/1/2031	Variable	**90,465,000**	93,805,000
2003 Series D	114,495,000	7/1/2019	3.727%	**106,875,000**	112,835,000
2003 Series E	112,510,000	7/1/2028	3.944%	**82,760,000**	110,370,000
2003 Series F	75,000,000	7/1/2023	Variable	**69,335,000**	72,210,000
2004 Series D	175,000,000	7/1/2029	4.497%	**139,930,000**	175,000,000
2005 Series A	139,590,000	7/1/2030	4.405%	**137,830,000**	–
2005 Series B	114,645,000	7/1/2035	4.236%	**114,645,000**	–
Ramapo College of New Jersey:					
Series 1998 G	16,845,000	7/1/2028	4.832%	**14,790,000**	15,155,000
Series 1998 H	2,000,000	7/1/2013	4.309%	**1,255,000**	1,385,000
Series 1998 I	955,000	7/1/2008	4.044%	**345,000**	450,000
Series 1999 E	19,900,000	7/1/2029	5.774%	**1,690,000**	2,065,000
Series 2001 D	40,480,000	7/1/2031	5.105%	**38,965,000**	39,735,000
Series 2001 E	2,535,000	7/1/2008	4.037%	**1,170,000**	1,535,000
Series 2002 H	28,655,000	7/1/2032	4.485%	**28,000,000**	28,580,000
Series 2002 I	2,145,000	7/1/2032	4.485%	**2,005,000**	2,045,000
Series 2002 J	29,620,000	7/1/2032	4.485%	**28,945,000**	29,550,000
Series 2003 F	1,820,000	7/1/2013	3.257%	**1,810,000**	1,820,000
Series 2003 G	9,300,000	7/1/2013	3.110%	**9,185,000**	9,300,000
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%	**53,980,000**	53,980,000
Richard Stockton College of New Jersey:					
Series 1973 D	5,700,000	7/1/2008	5.885%	**1,035,000**	1,340,000
Series 1988 A	3,294,000	7/1/2016	3.000%	**1,489,000**	1,609,000
Series 1993 F	6,690,000	7/1/2023	5.356%	**–**	5,475,000
Series 1996 B	1,680,000	7/1/2006	4.774%	**–**	400,000
Series 1996 F	19,280,000	7/1/2027	5.494%	**–**	18,160,000
Series 1998 C	13,110,000	7/1/2028	5.089%	**–**	12,145,000
Series 2002 B	8,340,000	7/1/2010	3.482%	**4,145,000**	5,595,000
Series 2005 C	31,150,000	7/1/2035	3.870%	**31,150,000**	–
Series 2005 F	28,180,000	7/1/2028	4.458%	**28,180,000**	–
Rider University:					
1971 Series A	3,700,000	7/1/2009	6.895%	**910,000**	1,105,000
2002 Series A	27,560,000	7/1/2017	4.709%	**24,475,000**	25,955,000
2004 Series A	14,735,000	7/1/2034	5.301%	**14,735,000**	14,735,000

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2005	2004
Bonds Payable (continued)					
Rowan University (formerly Glassboro State College):					
Series 1971 A	$ 1,205,000	7/1/2005	6.245%	**$ –**	$ 90,000
Series 1974 E	6,080,000	7/1/2009	6.944%	**1,515,000**	1,835,000
Series 1983 D	3,500,000	7/1/2013	3.000%	**1,305,000**	1,450,000
Series 1997 B	6,770,000	7/1/2026	5.346%	**–**	5,840,000
Series 1997 C	9,035,000	7/1/2021	5.524%	**7,455,000**	7,740,000
Series 2000 B	51,620,000	7/1/2030	5.566%	**3,460,000**	49,855,000
Series 2001 B	8,790,000	7/1/2031	5.025%	**8,165,000**	8,330,000
Series 2001 C	60,930,000	7/1/2031	4.943%	**52,740,000**	54,480,000
Series 2002 K	14,920,000	7/1/2033	4.866%	**14,375,000**	14,650,000
Series 2003 I	64,910,000	7/1/2030	4.714%	**63,560,000**	64,910,000
Series 2003 J	4,555,000	7/1/2008	2.258%	**3,175,000**	4,330,000
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%	**61,275,000**	61,275,000
Series 2005 D	51,840,000	7/1/2030	4.532%	**51,840,000**	–
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	**1,235,000**	1,600,000
Saint Peter's College:					
1998 Series B	36,815,000	7/1/2027	5.514%	**31,140,000**	32,265,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	**19,690,000**	19,800,000
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%	**39,695,000**	42,500,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	**12,840,000**	15,545,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	**9,060,000**	9,735,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	**8,740,000**	8,740,000
2005 Series Project C	57,750,000	7/1/2037	Variable	**57,750,000**	–
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	**14,755,000**	15,535,000
2002 Series C	59,585,000	7/1/2032	5.228%	**51,270,000**	53,210,000
2004 Series B	13,265,000	7/1/2034	5.55%	**13,265,000**	13,265,000
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	**1,195,000**	1,740,000
Series 1976 D	5,580,000	7/1/2008	6.853%	**1,165,000**	1,500,000
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%	**48,820,000**	50,395,000
Series 2002 D	138,550,000	7/1/2035	4.167%	**138,550,000**	138,550,000

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2005	2004
Bonds Payable (continued)					
The College of Saint Elizabeth:					
2000 Series C	$ 12,000,000	7/1/2030	Variable	**$ 10,900,000**	$ 11,200,000
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	**105,930,000**	114,710,000
Series 1999 C	15,720,000	12/1/2029	5.321%	**14,120,000**	14,415,000
William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	**735,000**	955,000
Series 1976 A	5,685,000	7/1/2009	7.644%	**1,595,000**	1,925,000
Series 1981 B	5,000,000	7/1/2011	3.000%	**1,455,000**	1,670,000
Series 1998 D	6,575,000	7/1/2021	4.994%	**5,565,000**	5,785,000
Series 1999 D	12,785,000	7/1/2019	5.162%	**2,305,000**	10,945,000
Series 2000 A	26,425,000	7/1/2030	5.515%	**2,515,000**	25,325,000
Series 2002 E	42,125,000	7/1/2027	4.714%	**26,935,000**	39,845,000
Series 2004 A	30,035,000	7/1/2028	4.131%	**28,815,000**	29,655,000
Series 2005 E	42,295,000	7/1/2030	4.546%	**42,295,000**	–
Notes Payable					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Variable	**20,500,000**	14,000,000
Leases Payable					
Bloomfield College	315,000	4/1/2008	5.900%	**96,150**	130,837
Felician College	897,000	8/29/2005	5.550%	**–**	100,707
Ramapo College	1,377,090	10/1/2010	Various	**528,680**	792,164
Rider University	4,819,851	3/15/2007	6.221%	**929,184**	1,502,380
St. Peter's College	663,000	8/3/2006	5.630%	**111,194**	216,382
Thomas Edison State College	1,800,000	3/8/2012	3.647%	**1,591,778**	–
Treasurer, State of New Jersey, Series 1999 A	19,295,000	9/1/2014	4.705%	**3,210,000**	3,490,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	**1,375,000**	1,680,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	**3,105,000**	3,375,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	**5,260,000**	5,720,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	**2,955,000**	3,220,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	**1,365,000**	1,480,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	**1,385,000**	1,505,000
				$4,206,243,986	$4,037,190,470

* Maximum authorized amount.

6. Bonds, Notes and Leases Payable (continued)

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

2006	$ 190,841,981
2007	166,752,114
2008	164,613,857
2009	154,590,819
2010	156,079,691
Thereafter	3,373,365,524
	$4,206,243,986

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.

7. Refunded Bond Issues (continued)

Refunded bonds outstanding at December 31, 2005 comprise the following:

Issue	Principal Amount Outstanding December 31, 2005	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
Princeton University Issues							
1995 Series C	$ –	$ 5,870,000	7/1/2005	$ 5,434,717	10/23/03	2003 Series D	$114,495,000
1998 Series F	–	11,710,000	7/1/2005				
1999 Series B	25,440,000	25,440,000	7/1/2009				
2000 Series E	27,615,000	27,615,000	7/1/2010				
2000 Series H	26,700,000	26,700,000	7/1/2010				
New Jersey City University (formerly Jersey City State College) Issues							
1995 Series A	–	2,245,000	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000
The College of New Jersey Issues							
1996 Series A	75,185,000	75,185,000	7/1/2006	6,271,500	4/26/99	Series 1999 A	146,455,000
Rowan University (formerly Glassboro State College) Issues							
1996 Series E	34,340,000	38,635,000	7/1/2006	1,629,416	4/10/01	Series 2001 C	60,930,000
Princeton Theological Seminary Issue							
1996 Series B	16,210,000	16,210,000	7/1/2006	345,011	1/22/03	2002 Series G	26,125,000
Montclair State University Issue							
1995 Series F	–	4,020,000	7/1/2005	193,059	1/15/04	Series 2003 L	94,540,000
Ramapo College of New Jersey Issue							
1999 Series E	16,825,000	16,825,000	7/1/2009	554,426	1/29/04	Series 2003 H	18,930,000
New Jersey Institute of Technology Issues							
Series 1995 E	–	29,260,000	7/1/2005	9,078,610	4/5/2004	Series 2004 B	73,530,000
Kean University							
Series 1993 G	5,265,000	5,265,000	1/12/2006	271,930	12/8/2005	Series 2005 B	101,915,000
Higher Educational Capital Improvement Fund Issues							
2000A	59,405,000	59,405,000	9/1/2010	5,080,385	8/10/2005	Series 2005 A	169,790,000
2000B	65,675,000	65,675,000	9/1/2010				
2002A	41,850,000	41,850,000	9/1/2012				

7. Refunded Bond Issues (continued)

Issue	Principal Amount Outstanding December 31, 2005	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							
1997 Series B	$ 5,665,000	$ 5,665,000	7/1/2007	$1,912,380	4/13/2005	Series 2005D	$ 51,840,000
2000 Series B	45,445,000	45,445,000	7/1/2010				
Princeton University Issues Partial Refundings							
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				
Richard Stockton College of New Jersey Issues							
Series 1996 B	205,000	205,000	7/1/2006	–		College Contribution	
Series 1996 F	17,750,000	17,750,000	7/1/2006	1,452,794	10/27/2005	Series 2005 F	28,180,000
Series 1998 C	11,875,000	11,875,000	7/1/2008				
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 2005E	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				