

FINANCIAL STATEMENTS  
AND SUPPLEMENTAL FINANCIAL INFORMATION  
New Jersey Health Care Facilities Financing Authority  
A Component Unit of the State of New Jersey  
December 31, 2004

New Jersey Health Care Facilities  
Financing Authority

Financial Statements  
and Supplemental Financial Information

December 31, 2004

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## Report of Independent Auditors

To the Members of the New Jersey Health Care  
Facilities Financing Authority

We have audited the accompanying balance sheets of the New Jersey Health Care Facilities Financing Authority, a component unit of the State of New Jersey, as of December 31, 2004 and 2003 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 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 Authority at December 31, 2004 and 2003 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 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*

February 18, 2005

# New Jersey Health Care Facilities Financing Authority

## Management's Discussion and Analysis

Year ended December 31, 2004

This section of the New Jersey Health Care Facilities Financing Authority's (the "Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2004. Please read it in conjunction with the Authority's financial statements and accompanying notes.

### Financial Highlights

The Authority's total net assets increased \$1,314,000 or 33.8%  
 Cash and Investments increased \$1,292,000 or 51.5%  
 Operating Revenue increased \$557,000 or 16.1%  
 Operating Expenses increased \$94,000 or 3.6%  
 Operating Income increased \$463,000 or 57.4%

### Overview of the Financial Statements

This annual financial report consists of three parts – *Management's Discussion and Analysis* (this section), the *basic financial statements* and *supplemental financial information and related notes*. The Authority is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the accrual basis of accounting.

### Financial Analysis of the Authority

**Net Assets** – The following table represents the changes in net assets between December 31, 2004, 2003 and 2002:

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>Increase/ (Decrease) 2003-2004</b>	<b>Increase/ (Decrease) 2003-2004</b>
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Current assets	\$5,793	\$4,516	\$3,422	\$1,277	28.3%
Noncurrent assets	132	48	71	84	175.0%
Total assets	5,925	4,564	3,493	1,361	29.8%
Current liabilities	722	675	264	47	7.0%
Noncurrent liabilities			166	N/A	N/A
Total liabilities	722	675	430	47	7.0%
Total net assets	\$5,203	\$3,889	\$3,063	\$1,314	33.8%

Current Assets are comprised of Cash and Cash Equivalents, Investments, Administrative Fees and Other Receivables and Prepaid Expenses. As of December 31, 2004, Cash and Cash Equivalents increased \$121,000 or 17.5% and Investments increased \$1,171,000 or 64.4% when compared to December 31, 2003. Depending on the Authority's cash projections, Cash and Cash Equivalents are maintained at a level sufficient to pay for current expenditures. Cash considered to be in excess of amounts that are needed to cover current expenditures is used to purchase permitted investments for the Authority's operating account. Administrative Fees and Other Receivables in total increased \$6,000 during 2004. However the Administrative Fees receivable portion which represents the Authority's semi-annual fee billing that was done on December 31, 2004 increased \$32,108 when compared to the semi-annual fee billing that was done on December 31, 2003. The semi-annual fee billings done on December 31, 2004 and 2003 totaled \$1,730,493 and \$1,698,385, respectively. It should be noted, that as Bond/Note financings are completed throughout the year, it is expected that the semi-annual fee billings will increase from year to year as a result of the completed financings being added to the billing schedule. Finally, Prepaid Expenses decreased \$21,000 or 12.1% when compared to December 31, 2003. This was due mainly to a decrease in the Authority's Directors' and Officers' Liability Policy premium as further explained in Note 8 to the financial statements.

When comparing Current Assets as of December 31, 2003 to December 31, 2002, Cash and Cash Equivalents increased \$318,000 or 84.8% and Administrative Fees receivable increased \$376,840 or 28.5%. The semi-annual fee billing that was done on December 31, 2002 totaled \$1,321,545. The increases were due in part to changes made in the annual administrative fee structure which were adopted by the Authority on November 26, 2002. Those changes included, but are not limited to, an increase in the annual administrative fee from 6.5 to 10 basis points, increasing the annual fee cap from \$50,000 to \$75,000, billing of the semi-annual fees in advance for Bond/Note financings closed after December 31, 2002, and subjecting those fees to a yearly inflation factor adjustment. Further information regarding the changes to the Authority's fee structure is mentioned throughout the remainder of the Management's Discussion and Analysis.

Current Liabilities in 2004 are comprised of Accounts Payable, Accrued Expenses and Deferred Revenue. Accounts Payable and Accrued Expenses increased \$22,000 or 12.0% compared to December 31, 2003. This was due in part to the reinstatement of the Employers Pension Expense which had been waived since 1997. Chapter 108, P.L. 2003 calls for the return of employer pension contributions on a phase-in basis with 20% of the actuarially calculated amount due in 2005, 40% will be due in 2006, 60% will be due in 2007, 80% will be due in 2008 and 100% will be due in 2009. The Authority has recorded a payable for the period July 1, 2003 to June 30, 2004 which is due April 1, 2005 and accrued an estimated employer pension expense for the period July 1, 2004 to December 31, 2004. Deferred Revenue increased \$215,000 or 71.4% compared to December 31, 2003. It represents the semi-annual fees billed on December 31, 2004 and 2003 which covers the periods January 1, 2005 to June 30, 2005 and January 1, 2004 to June 30, 2004, respectively. The billing of semi-annual fees in advance did not begin until 2003 as

mentioned above. Therefore, as more financings are completed from year to year that fall under this fee structure, deferred revenue will most likely increase. The prior fee structure called for billing semi-annual fees in arrears. Finally, it should be noted that there are no accrued retirement benefits in 2004 inasmuch as that liability was paid in January 2004. The liability related to the Authority's cost of an employee who opted to take the State's Early Retirement Incentive Program that was offered to State Agencies and Authorities in 2002. As of December 31, 2002, the liability was classified as a Noncurrent Liability and then reclassified to a Current Liability as of December 31, 2003.

**Changes in Net Assets** – The following table represents the changes in net assets between fiscal years 2004, 2003 and 2002:

	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>Increase/ (Decrease) 2003-2004</b>	<b>Increase/ (Decrease) 2003-2004</b>
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Operating revenues:					
Administrative fees:					
Annual fees	\$3,433	\$2,930	\$ 2,554	\$ 503	17.2%
Initial fees	510	453		57	12.6%
Mortgage servicing and Section 142 (d) fees	67	70	62	(3)	(4.3%)
Total operating revenues	4,010	3,453	2,616	557	16.1%
Operating expenses:					
Salaries and related expenses	1,925	1,821	1,791	104	5.7%
General and administrative	655	585	484	70	12.0%
Professional fees and other	160	240	262	(80)	(33.3%)
Total operating expenses	2,740	2,646	2,537	94	3.6%
Operating income	1,270	807	79	463	57.4%
Nonoperating revenues (expenses):					
Interest income	44	42	303	2	4.8%
Early retirement benefit		(23)	(166)	23	(100.0%)
Payment to State of New Jersey			(16,500)	N/A	N/A
Other, net			6	N/A	N/A
Total nonoperating revenues (expenses)	44	19	(16,357)	25	131.6%
Change in net assets	1,314	826	(16,278)	488	59.1%
Net assets, beginning of year	3,889	3,063	19,341	826	27.0%
Net assets, end of year	\$5,203	\$3,889	\$ 3,063	\$1,314	33.8%

The Changes in Net Assets section indicates an increase in the Authority's financial position in calendar years 2003 and 2004. In March 2002, the Authority had to liquidate \$16,500,000 of its investment portfolio. The liquidation of the portfolio was necessary in order to comply with legislation that was passed in March 2002 that required the Authority to transfer \$16,500,000 to the State Treasurer for use in funding Hospital Charity Care. Due to the loss of interest income caused by the transfer of the funds, the Authority adopted changes to its fee structure as previously discussed. Changes not discussed previously, include the implementation of an initial fee for revenue bond/notes issues of 10 basis points on the estimated par amount of the issue with a cap of \$75,000 received at the time a Memorandum of Understanding is executed, subject to a yearly inflation factor adjustment. Also an initial fee of \$5,000 has been instituted for borrowers that submit an application through the Authority's Capital Asset Program. The changes were made in order to allow the Authority to once again provide the appropriate level of services to its borrowers.

**Operating Revenues** – During 2004, Annual Fees and Initial Fees increased \$503,000 and \$57,000, respectively, when compared to 2003. On average, the Authority completes eleven (11) financings a year resulting in new issues constantly being added to the annual fee billing schedule. This, in turn, will result in an increase in annual fee income from year to year. Further, 2004 was the first year in which there was deferred revenue from a prior year that was recorded in income. Initial fee income in 2004 compared to 2003, increased even though the number of initial fees received in both 2004 and 2003 totaled sixteen (16). The number and dollar amount of initial fees received during any given period can be affected by the financing needs of the health care institutions throughout the State, the timing of when financings are completed, the bond/note/loan size of the proposed issuance and the bond/note/loan size at the time the financings are completed. It should be noted, that as provided by the Authority's Annual Fee and Initial Fee structure, a 3.1% inflation factor was also incorporated in the semi-annual fee billings done on December 31, 2003 and June 30, 2004 and initial fees received in 2004. In addition, the inflation rate adjustment resulted in the fee cap increasing to \$77,325. It should also be noted that no adjustment was made in the inflation factor at December 31, 2004 and therefore the annual and initial fee calculations remain at 10 basis points plus the 3.1% inflation factor.

**Operating Expenses** – During 2004, operating expenses increased \$94,000 or 3.6% when compared to 2003. There were salary and health benefit premium increases effective January 1, 2004. In addition, expenses for non-depreciable furniture, equipment and computer related items increased as well as expenses for general operating items such as telephone, postage, office supplies, printing and equipment and software maintenance. These increases were offset by a decrease in Professional Fees when compared to 2003. The decrease was due mainly to the Authority receiving reimbursement from its borrowers for legal costs incurred by the Authority's Deputy Attorney General on each borrower's financing project. This policy was effective for financings begun after January 1, 2003. Reimbursement recorded in 2004 and 2003, which offset total legal charges amounted to \$52,277 and \$30,308, respectively.

Nonoperating Revenues (Expenses) - Interest income in 2004 and 2003 represented interest earned on the Authority's checking accounts and operating funds invested in Agency and/or Treasury securities and in the New Jersey Cash Management Fund adjusted to their respective fair values. Interest earned in 2004 totaled \$44,000 when taking into account the adjustment for the decrease in the fair value in investments of \$28,000. For 2003, interest earned totaled \$42,000 when taking into account the adjustment for the decrease in the fair value in investments of \$16,000. By comparison, interest income in 2002 represented interest earned on the Authority's checking accounts and operating funds invested in a Guaranteed Investment Contract, Agency and/or Treasury securities and in the New Jersey Cash Management Fund adjusted to their respective fair values. For 2002, interest earned totaled \$303,000 when taking into account the adjustment for the decrease in the fair value in investments of \$91,000.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide New Jersey citizens, the Authority's clients, investors and creditors, with a general overview of the Authority's finances. Questions about this report and/or additional financial information, should be directed to the Executive Director at NJHCFFA, P.O. Box 366, Trenton, NJ 08625-0366. Readers are also invited to visit the Authority's web site at: [www.njhcffa.com](http://www.njhcffa.com).



New Jersey Health Care Facilities  
Financing Authority

Balance Sheets

	<b>December 31</b>	
	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 814	\$ 693
Investments	2,989	1,818
Administrative fees and other receivables	1,838	1,832
Prepaid expenses	152	173
Total current assets	5,793	4,516
Noncurrent assets:		
Furniture, leasehold improvements and equipment	571	513
Less accumulated depreciation	(439)	(465)
Total noncurrent assets	132	48
Total assets	\$5,925	\$4,564
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 206	\$ 184
Accrued retirement benefits		190
Deferred revenue	516	301
Total current liabilities	722	675
Net assets:		
Unrestricted	5,203	3,889
Total liabilities and net assets	\$5,925	\$4,564

*See accompanying notes.*

New Jersey Health Care Facilities  
Financing Authority

Statements of Revenues, Expenses and Changes in  
Fund Net Assets

	<b>Year ended December 31</b>	
	<b>2004</b>	<b>2003</b>
	(\$000)	
Operating revenues:		
Administrative fees:		
Annual fees	<b>\$3,433</b>	\$2,930
Initial fees	<b>510</b>	453
Mortgage servicing fees	<b>49</b>	51
Section 142 (d) fees	<b>18</b>	19
Total operating revenues	<b>4,010</b>	3,453
Operating expenses:		
Salaries and related expenses	<b>1,925</b>	1,821
General and administrative expenses	<b>655</b>	585
Professional fees	<b>128</b>	211
Depreciation	<b>32</b>	29
Total operating expenses	<b>2,740</b>	2,646
Operating income	<b>1,270</b>	807
Nonoperating revenues (expenses):		
Interest income	<b>44</b>	42
Early retirement benefit		(23)
Total nonoperating revenues	<b>44</b>	19
Changes in net assets	<b>1,314</b>	826
Net assets, beginning of year	<b>3,889</b>	3,063
Net assets, end of year	<b>\$5,203</b>	\$3,889

*See accompanying notes.*

New Jersey Health Care Facilities  
Financing Authority

Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 4,219	\$ 3,370
Cash payment to suppliers and employees	(2,855)	(2,707)
Net cash provided by operating activities	<u>1,364</u>	<u>663</u>
<b>Cash flows from capital and related financing activities</b>		
Acquisition of capital assets	(116)	(5)
Net cash used in capital and related financing activities	<u>(116)</u>	<u>(5)</u>
<b>Cash flows from investing activities</b>		
Investments purchased	(1,999)	(1,500)
Proceeds from sale and maturities of securities	800	1,100
Investment income	72	60
Net cash used in investing activities	<u>(1,127)</u>	<u>(340)</u>
Net increase in cash and cash equivalents	121	318
Cash and cash equivalents, beginning of year	693	375
Cash and cash equivalents, end of year	<u>\$ 814</u>	<u>\$ 693</u>
Operating income	\$ 1,270	\$ 807
Adjustments:		
Depreciation	32	29
Changes in asset and liabilities:		
Increase in accounts receivable	(6)	(384)
Decrease (increase) in prepaid expenses	21	(10)
Increase in deferred revenue	215	301
Decrease in accrued retirement benefits	(190)	
Increase (decrease) in accounts payable	22	(80)
Total adjustments	<u>94</u>	<u>(144)</u>
Net cash provided by operating activities	<u>\$ 1,364</u>	<u>\$ 663</u>
<b>Supplemental schedule of noncash investing activities</b>		
Change in fair value of investments	<u>\$ (28)</u>	<u>\$ (16)</u>

*See accompanying notes.*

# New Jersey Health Care Facilities Financing Authority

## Notes to Financial Statements

December 31, 2004

### **1. Organization**

The New Jersey Health Care Facilities Financing Authority (the “Authority”) is a public body corporate and politic and a political subdivision of the State of New Jersey. The Authority is empowered to provide financing for health care organizations located in the State. The Authority is a component unit as reflected in the comprehensive annual financial report of the State of New Jersey.

Under the terms of the Act, the Authority has the power to issue bonds to, in addition to other things, construct, acquire, reconstruct, rehabilitate and improve, and furnish and equip projects on behalf of health care organizations. The Authority enters into loan and security agreements, and in some cases, mortgage agreements with designated health care organizations for each revenue bond issue. The loans and/or mortgages are general obligations of the health care organizations. Each of the Authority’s issues of bonds and notes is payable out of revenues derived from separate organizations and is secured by its own series resolution, note resolution or trust agreement and is separate and distinct as to source of payment and security, except for certain issues for the same organization or system which may be secured on a parity basis. The Authority assigns the loan and security agreements and, if any, mortgage agreements to the trustee for each bond issue.

Bonds and notes issued by the Authority are not a debt or liability of the State of New Jersey or any political subdivision other than the Authority and do not constitute a pledge of the faith and credit of the State of New Jersey or any such political subdivision thereof, but are special and limited obligations of the Authority payable solely from the amounts payable under each agreement and mortgage and from amounts in the respective debt service reserve funds, if any, and other funds held pursuant to the resolutions, trust indenture, if any, and the mortgage agreement, if any. The Authority has no taxing power.

The Authority is exempt from both federal and state taxes.

### **2. Summary of 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

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

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.

*Operating Revenues and Expenses* - Operating revenues and expenses result from providing services to various health care organizations in connection with the issuance of bonds. The Authority's principal operating revenues are the administrative fees that it charges these entities as further explained below. Operating expenses include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Administrative Fees* - The Authority charges an initial fee to those health care organizations that have executed a Memorandum of Understanding signifying the organizations intentions to have the Authority finance a project through the issuance of bonds, notes and/or Capital Asset Program loans. An annual fee is also charged to those health care organizations for which bond and note sales have been completed. Such fees are charged for the processing of project costs, investment management of bond proceeds, monitoring of financial performance and other services provided to organizations to which it lends the proceeds of its bonds and notes. The fees are used to provide sufficient funds to ensure that the Authority's operating expenses will be met, and that sufficient funds will be available to provide for the Authority's needs, including, but not limited to the coverage of Authority members' legal liability as a result of official actions; and research and development costs consistent with the Authority's legislation.

*Mortgage Servicing Fees* - The Authority charges a fee in accordance with the servicing agreement for those issues for which the Authority has assumed the mortgage servicing function.

*Section 142(d) Fees* - The Authority charges an annual fee per each low and moderate income unit located in each project financed by the Authority under Section 142(d) of the Internal Revenue Code in order to compensate the Authority for monitoring the project's compliance therewith.

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

*Depreciation* - Furniture, leasehold improvements and equipment are depreciated over their estimated useful lives using the straight-line method as follows:

Equipment	3 to 5 years
Furniture	7 years
Leasehold improvements	Term of lease

*Cash and Cash Equivalents* - The Authority classifies all highly-liquid investments with an original maturity of less than ninety days as cash and cash equivalents. Cash equivalents consist of the Authority's checking account and units of the State of New Jersey Cash Management Fund.

*Investments* – Investments are recorded at fair value based upon current market quotations.

**3. Cash and Investments**

The components of cash and investments at December 31, 2004 and 2003 are:

	<b>2004</b>	<b>2003</b>
	<hr/>	
	(000's)	
Cash and cash equivalents:		
New Jersey Cash Management Fund	\$ 814	\$ 693
Investments:		
U.S. Treasury obligations	503	505
U.S. Agency obligations	<b>2,486</b>	1,313
Total cash, cash equivalents and investments	<b><u>\$3,803</u></b>	<b><u>\$2,511</u></b>

The Authority's bank balance at December 31, 2004 and 2003 amounted to \$10,142 and \$111,413, respectively, of which \$100,000 was covered by FDIC insurance. The remaining amount is uncollateralized.

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**3. Cash and Investments (continued)**

The Authority's investment policy permits the following securities and investment vehicles; (i) Obligations of or guaranteed by the State of New Jersey or the United States of America (including obligations which have been stripped of their unmatured interest coupons, and interest coupons which have been stripped from such obligations); (ii) Obligations issued or guaranteed by any instrumentality or agency of the United States of America, whether now existing or hereafter organized; (iii) Obligations issued or guaranteed by any State of the United States or District of Columbia, so long as such obligations are rated at the time of purchase in either of the highest two credit rating categories by any two nationally recognized securities rating agencies; (iv) Repurchase agreements and guaranteed investment contracts with any banking institution, where such agreement or contract is fully secured by obligations of the kind specified in (i), (ii) or (iii) above, provided that such security is held by a third party and that the seller of such obligations represents that such obligations are free and clear of claims by any other party; (v) Interest-bearing deposits in any bank or trust company provided that all such deposits shall, to the extent not insured, be secured by a pledge of obligations of the kind in (i), (ii) or (iii); (vi) Units of participation in the New Jersey Cash Management Fund, or any similar common trust fund which is established pursuant to law as a legal depository of public moneys and for which the New Jersey State Treasurer is custodian; and (vii) Shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940, as amended, and which (1) invests its assets exclusively in obligations of or guaranteed by the United States of America or any instrumentality or agency thereof having in each instance a final maturity date of less than one year from their date of purchase; (2) seeks to maintain a constant net asset value per share; and (3) has aggregate net assets of not less than \$50,000,000 on the date of purchase of such shares. As of December 31, 2004 and 2003, all investments were made in accordance with the Authority's investment policy.

The New Jersey Cash Management Fund is a common trust fund administered by the New Jersey Department of the Treasury, Division of Investment. Securities in the Fund are insured, registered or held by the Division or its agent in the Fund's name.

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**3. Cash and Investments (continued)**

As of December 31, 2004, the Authority implemented 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 Cash Equivalents and Investments.

(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, 2004, the Authority's bank balance was not exposed to custodial credit risk since the full amount was covered by FDIC insurance. At December 31, 2003, the Authority was exposed to custodial credit risk in the amount of \$11,413. The New Jersey Cash Management Fund which is administered by the New Jersey Department of the Treasury invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, Short-Term Commercial Paper, U.S. Government Agency Bonds, Corporate Bonds, and Certificates of Deposits. Agencies that are part of the Fund typically earn returns that mirror short-term interest rates. The Fund is considered an investment pool and as such is not exposed to custodial credit risk. The Authority does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date.



New Jersey Health Care Facilities  
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Notes to Financial Statements (continued)

**3. Cash and Investments (continued)**

As of December 31, 2004, the Authority's investments were comprised of U.S. Treasuries in the amount of \$503,419 and U.S. Agencies in the amount of \$2,485,441. As of December 31, 2003, the Authority's investments were comprised of U.S. Treasuries in the amount of \$505,459 and U.S. Agencies in the amount of \$1,312,813. Since the investments are not registered in the Authority's name and were held by the counterparty they are exposed to custodial credit risk. The Authority does not have a formal policy for investment securities custodial credit risk other than 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. At December 31, 2004 more than 5 percent of the Authority's investments are in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and Federal National Mortgage Association (FNMA) obligations. These investments are 33.29%, 16.54% and 33.26%, respectively, of the Authority's total investments. At December 31, 2003 more than 5 percent of the Authority's investments were in Federal Home Loan Mortgage Corporation and Federal Home Loan Bank obligations. These investments were 55.49% and 16.64%, respectively, of the Authority's total investments.

(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. All U.S. Agency obligations as of December 31, 2004 and 2003 had a rating Aaa by Moody's. The New Jersey Cash Management 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 formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. The Authority does from time to time evaluate its investment portfolio to

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**3. Cash and Investments (continued)**

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, 2004, the U.S. Treasuries and Agencies had maturities ranging from January 31, 2005 through May 15, 2007. As of December 31, 2003, the U.S. Treasuries and Agencies had maturities ranging from January 14, 2004 through August 15, 2005.

**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 total and covered payroll for the years ended December 31, 2004, 2003 and 2002 were \$1,509,563, \$1,446,816 and \$1,441,998, respectively. Pension cost (benefit) for the years ended December 31, 2004, 2003 and 2002 were \$17,193, (\$4,413) and \$3,464, respectively, and are included in the operating fund. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage of contributions, as determined by PERS, was 3.00% in 2004, 2003 and 2002, respectively.

**5. Commitments**

The Authority has an operating lease commitment for its offices at an annual rental of approximately \$232,000 through September 2006.

**6. Related Party Transactions**

Operating expenses for the years ended December 31, 2004 and 2003 include approximately \$319,000 and \$123,000, respectively, relating to payment for goods and services provided by various State of New Jersey agencies.

New Jersey Health Care Facilities  
Financing Authority

Notes to Financial Statements (continued)

**7. 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. During the year ended December 31, 2004, the Authority issued \$506,700,000 in conduit debt. The amount of conduit debt outstanding at December 31, 2004 totaled \$5,096,147,000.

**8. Risk Management**

The New Jersey Health Care Facilities Financing Authority maintains a Not-For-Profit Protector Individual and Organization Insurance Policy (Directors & Officers Liability) that provides protection to the Authority's past, present and future members, committee members, officers and staff for official actions that may have been taken while carrying out their normal duties on behalf of the Authority. During 2004, the Authority decided to increase its level of retention (deductible) in order to lower its premium cost at the same time that it increased its coverage. The Authority's new policy which covers the period December 18, 2004 through December 18, 2005 has a \$20 million limit of liability with a retention level of \$250,000 at a premium cost of \$122,400. The previous policy had a \$15 million limit of liability with a retention level of \$50,000 at a premium cost of \$144,834.

## Supplemental Financial Information

New Jersey Health Care Facilities  
Financing Authority

Statements of Net Assets for Trustee Held Funds

	<b>December 31</b>	
	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Assets</b>		
Mortgages and loans receivable	<b>\$4,258,255</b>	\$3,981,649
Lease receivable	<b>19,125</b>	19,125
Equipment revenue notes receivable	<b>27</b>	4
Capital Asset Program notes receivable	<b>52,002</b>	72,789
Construction/program accounts:		
Cash and cash equivalents	<b>317,019</b>	217,144
Investments	<b>120,826</b>	276,144
Prepaid expenses	<b>8</b>	11
Debt service accounts:		
Cash and cash equivalents	<b>153,931</b>	152,382
Investments	<b>10,825</b>	26,723
Receivable from master trustee/institution	<b>2,699</b>	2,944
Debt service reserve accounts:		
Cash and cash equivalents	<b>66,743</b>	97,724
Investments	<b>188,950</b>	164,825
Mortgage servicing accounts:		
Cash and cash equivalents	<b>1,916</b>	1,967
Mortgage payments receivable	<b>754</b>	756
Total assets	<b>\$5,193,080</b>	\$5,014,187
<b>Liabilities and net assets</b>		
Bonds payable	<b>\$5,091,547</b>	\$4,904,148
Revenue notes payable	<b>4,600</b>	5,500
Accrued interest payable	<b>93,298</b>	100,873
Accrued expenses	<b>245</b>	258
Mortgages and escrows payable	<b>2,670</b>	2,723
Deferred income	<b>94</b>	
Capital Asset Program net assets	<b>626</b>	685
Total liabilities and Capital Asset Program net assets	<b>\$5,193,080</b>	\$5,014,187

*See accompanying notes.*

New Jersey Health Care Facilities  
Financing Authority

Statements of Cash Flows for Trustee Held Funds

	<b>Year ended December 31</b>	
	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Cash flows from operating activities</b>		
Payments received from institutions under agreements	\$ 409,062	\$ 366,587
Equity contribution from institutions	35,860	19,846
Disbursements for construction/acquisition and issuance expense	(498,993)	(452,520)
Other disbursements	24,490	(25,557)
Net cash used in operating activities	(29,581)	(91,644)
<b>Cash flows from noncapital financing activities</b>		
Face amount of revenue bonds	506,700	684,800
Less deductions at time of sale	(20,136)	(10,864)
Accrued interest to date of delivery	200	745
Refunding of pre-existing debt/escrow fund deposit	(97,353)	(93,555)
Net proceeds from sale of revenue bonds	389,411	581,126
Principal/premium paid on revenue bonds	(236,119)	(156,041)
Interest paid on revenue bonds	(230,183)	(226,826)
Net cash (used in) provided by noncapital financing activities	(76,891)	198,259
<b>Cash flows from investing activities</b>		
Net proceeds from sale and maturities of securities	159,635	(26,599)
Interest on investments	17,229	24,035
Net cash provided by (used in) investing activities	176,864	(2,564)
Net increase in cash and cash equivalents	70,392	104,051
Cash and cash equivalents, beginning of year	469,217	365,166
Cash and cash equivalents, end of year	\$ 539,609	\$ 469,217

*See accompanying notes.*

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information

December 31, 2004

**1. Background**

As indicated in Note 1 to the Authority's financial statements, the Authority has the power to issue bonds and notes on behalf of healthcare organizations. Each of the Authority's issues of bonds and notes is payable out of revenues derived from separate organizations and is secured by its own series resolution, note resolution or trust agreement and is separate and distinct as to source of payment and security, except for certain issues for the same organization or system which may be secured on a parity basis. The Authority assigns the loan and security agreements and, if any, mortgage agreements to the trustee for each bond issue. The amounts reported in these supplemental financial statements include all Trustee Held Funds maintained by the Authority's various trustees.

Bonds and notes issued by the Authority are not a debt or liability of the State of New Jersey or any political subdivision other than the Authority and do not constitute a pledge of the faith and credit of the State of New Jersey or any such political subdivision thereof, but are special and limited obligations of the Authority payable solely from the amounts payable under each agreement and mortgage and from amounts in the respective debt service reserve funds, if any, and other funds held pursuant to the resolutions, trust indenture, if any, and the mortgage agreement, if any. The Authority has no taxing power.

**2. Summary of Significant Accounting Policies**

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

*Description of Funds* - The Authority maintains books of account for each of the issues of debt outstanding and for its mortgage servicing funds (Trustee Held Funds). Funds are maintained in accordance with the requirements of the applicable bond and note resolutions and are combined for financial statement presentation. The following is a description of the Authority's financing programs:

*Capital Asset Program* - Accounts for the receipt and disbursement of funds in connection with the Authority's Capital Asset Revenue Bonds, Series A through D. These bonds were initially issued without designated borrowers. Under the Capital Asset Program, the Authority was required to establish a Debt Service Reserve Fund which may be used to pay debt service if pledged revenues are insufficient.

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**2. Summary of Significant Accounting Policies (continued)**

*Revenue Bond/Note Program* - Accounts for the receipt and disbursement of funds in connection with the various revenue bonds/notes issued by the Authority to designated borrowers for specific purposes as described in the applicable bond and note resolutions.

Under both programs the assets of the Construction/Program Accounts, Debt Service Accounts and Debt Service Reserve Accounts are held by trustees in accordance with the applicable bond and note resolutions. The resolutions establish the following accounts, which are referred to as “funds.” These do not represent “funds” as the term is used in generally accepted accounting principles, but are separate “accounts” used to delineate the accounting and reporting of bond related monies.

- Construction/Program Accounts - accounts for the receipt and disbursement of monies for the payment of construction expenses, related equipment expenditures, and expenses associated with bond issues.
- Debt Service Accounts - accounts for the receipt and disbursement of monies held on behalf of the designated borrowers for the payment of bond or note interest and principal.
- Debt Service Reserve Accounts - accounts for the receipt and disbursement of monies held in reserve on behalf of the investors in compliance with applicable bond resolutions. When required, the Debt Service Reserve Funds are generally maintained at an amount equal to the greatest annual amount of interest and principal payable.
- Mortgage Servicing Accounts - accounts for receipt of principal, interest, insurance, reserve for replacements and property tax payments of institutions for which the Authority is the mortgagee of record and has assumed the mortgage servicing function. These funds are held in segregated escrow accounts until remitted to the bond trustee or appropriate agency.

Interest income on these accounts (except for accounts held under the Capital Asset Program) and the interest expense on the bonds and notes are recorded in the borrowers financial statements, and therefore, the Authority does not present a statement of revenues, expenses and changes in fund balance for the Trustee Held Funds.



New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**3. Mortgages and Loans Receivable**

Loans are granted by the Authority to borrowers for periods concurrent with those of the related bond issues. In some instances, mortgages, and in most instances, a pledge of gross receipts is granted to the Authority to support the respective loans. The organizations are required to make principal and interest payments to the Authority or trustee bank sufficient to meet the principal and interest requirements of the bonds. To the extent required by the applicable bond documents, funds received by the Authority have been placed in Debt Service and Debt Service Reserve Funds for future interest and principal payments.

Among other things, the mortgages provide first liens on the physical property financed with the bond proceeds, and in some instances, all after-acquired property and previously existing facilities. The Authority has assigned all of its rights, title and interest in such security to the trustee bank for each respective issue.

As of December 31, 2004 and 2003, mortgages and loans receivable were:

	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Mortgages</b>		
Underwood Memorial Hospital		\$ 13,505
The Society of the Valley Hospital	\$ 19,555	21,900
St. Mary's Catholic Home		3,858
Robert Wood Johnson University Hospital	145,735	147,985
Chilton Memorial Hospital	24,470	26,590
 Burdette Tomlin Memorial Hospital	 29,080	 30,795
William B. Kessler Memorial Hospital	234	586
Holy Name Hospital	58,920	60,450
Lutheran Home at Moorestown	3,320	3,430
Columbus Hospital	28,350	29,200
 Deborah Heart and Lung Center	 26,600	 27,965
Southern Ocean County Hospital	58,825	60,175
Somerset Medical Center	111,430	112,300
St. Ann's Home for the Aged	7,678	7,919
CentraState Assisted Living, Inc.	7,432	7,625
Total mortgages receivable	<u>521,629</u>	<u>554,283</u>

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**3. Mortgages and Loans Receivable (continued)**

	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Loans</b>		
Secured by pledge of collateral with trustees:		
Spectrum for Living	\$ 2,255	\$ 2,335
Barnert Hospital	29,015	29,865
Kennedy Health Facilities, Inc.	3,770	3,870
Cathedral Health Services, Inc.	75,692	80,274
Care Institute, Inc. - Cherry Hill	15,220	15,455
 Shoreline Behavioral Health Center (currently Saint Barnabas Behavioral Health Center, a part of Saint Barnabas Health Care System)	 13,295	 13,590
Christ Hospital		3,300
Christian Health Care Center	700	800
Holy Name Hospital	9,700	10,700
United Methodist Homes of New Jersey Foundation, Inc.	1,500	2,000
 The Avalon at Bridgewater Assisted Living Project	 7,015	 7,115
Beth Israel Hospital Association of Passaic	34,000	30,600
Holland Christian Home Association	3,500	3,700
The Medical Center at Princeton, New Jersey		2,200
St. Mary's Hospital, Passaic, New Jersey	8,200	8,600
 Bartley Assisted Living LLC	 9,396	 9,621
Muhlenberg Regional Medical Center	22,160	23,250
Healthcare Centers of Wayne, Inc.		8,999
Jersey City Medical Center	215,940	216,440
Hartwyck West Nursing Home	894	1,097
 JFK Assisted Living	 13,213	 13,506
Meridian Hospitals Corporation	25,625	12,200
Wiley Mission Project	13,770	13,770
Englewood Hospital and Medical Center	99,955	99,955
The Community Hospital Group	19,100	20,000
 The Matheny School and Hospital	 3,400	 3,500
Robert Wood Johnson University Hospital	74,100	25,000
Saint Clare's Hospital		15,400
St. Francis Medical Center	2,900	3,100
St. Joseph's -Wayne Hospital	6,100	6,500

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**3. Mortgages and Loans Receivable (continued)**

	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Loans (continued)</b>		
Secured by pledge of collateral with trustees (continued):		
Virtua Health, Inc.	\$ 70,400	\$ 11,000
Rahway Hospital	11,000	11,000
Bayshore Community Hospital	8,000	
South Jersey Hospital, Inc.	15,075	
Secured by pledge of gross receipts under Master Trust Indentures:		
Hackensack Medical Center (currently Hackensack University Medical Center)	382,120	235,710
Saint Peter's Medical Center (currently Saint Peter's University Hospital)	119,270	121,410
Hunterdon Medical Center	9,860	10,565
East Orange General Hospital	10,555	11,505
St. Elizabeth Hospital (currently Trinitas Hospital)	54,195	55,305
JFK Health Systems Obligated Group	39,955	42,330
Pascack Valley Hospital Association	85,355	86,095
Palisades Medical Center Obligated Group (currently a part of Palisades Medical Center of New York Presbyterian Health Care System)	43,100	43,755
Shore Memorial Health Care System	45,395	48,320
Dover General Hospital and Medical Center (currently a part of Saint Clare's Hospital, Inc.)		31,265
South Jersey Hospital System	168,035	170,470
Raritan Bay Medical Center	53,200	55,900
Jersey Shore Medical Center (currently a part of Meridian Health System, Inc.)	29,340	33,270
Saint Clares* Riverside Medical Center (currently a part of Saint Clare's Hospital, Inc.)		43,560
Christ Hospital Obligated Group		9,400
Bayonne Hospital Obligated Group	38,325	39,795
Warren Hospital Obligated Group	24,260	25,045
St. Joseph's Hospital and Medical Center Obligated Group	73,950	79,475
AHS Hospital Corporation	198,605	241,080
Newton Memorial Hospital	30,480	31,625

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**3. Mortgages and Loans Receivable (continued)**

	<b>2004</b>	<b>2003</b>
	(\$000)	
<b>Loans (continued)</b>		
Secured by pledge of gross receipts under Master Trust		
Indentures (continued):		
Kennedy Health System Obligated Group	\$ 83,645	\$ 87,085
Capital Health System Obligated Group	175,400	178,100
Christian Health Care Center	24,745	25,675
Community Medical Center/Kimball Medical Center/ Kensington Manor Care Center Obligated Group (currently parts of Saint Barnabas Health Care System)	64,275	70,640
The Medical Center at Princeton, New Jersey Obligated Group	59,815	61,375
Rahway Hospital Obligated Group	22,690	24,405
JFK Medical Center/Hartwyck at Oak Tree Obligated Group	46,970	48,180
Saint Barnabas Medical Center/West Hudson Hospital Obligated Group (currently parts of Saint Barnabas Health Care System)	56,745	59,715
CentraState Medical Center Obligated Group	54,290	55,565
Virtua Health, Inc.	126,065	132,700
Saint Barnabas Health Care System	580,107	584,218
Catholic Health East	109,130	110,325
Meridian Health System Obligated Group	330,270	334,280
RWJ Health Care Corp. at Hamilton, Obligated Group	30,780	31,000
Trinitas Hospital Obligated Group	80,220	81,100
The Society of the Valley Hospital Obligated Group	38,570	40,000
The House of the Good Shepherd	19,450	19,810
Bayshore Community Hospital	47,705	48,740
Atlantic City Medical Center	110,455	113,205
St. Clare's Hospital	64,575	
Underwood Memorial Hospital	104,000	
Total loans receivable	<u>4,450,792</u>	<u>4,230,740</u>
Total mortgages and loans receivable	<u>4,972,421</u>	<u>4,785,023</u>
Less cash and investments held by trustees	<u>714,166</u>	<u>803,374</u>
Net mortgages and loans receivable	<u><u>\$4,258,255</u></u>	<u><u>\$3,981,649</u></u>

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**4. Capital Asset Program Notes Receivable**

Capital Asset Program notes receivable are for varying terms. The borrowing institutions are required to make principal and interest payments to the trustee in an amount sufficient to repay principal borrowed and to meet the interest requirements including program expenses related to the respective loans. Any principal repayments can be reloaned to other institutions as long as they are scheduled for repayment no later than six months prior to the maturity of the Capital Asset Program Bonds, Series A-D in 2035.

As of December 31, 2004 and 2003 Capital Asset Program notes receivable were:

	<b>2004</b>	<b>2003</b>
	<hr/> (\$000) <hr/>	
Bayshore Community Hospital	<b>\$ 1,513</b>	\$ 2,017
Matheny School	<b>1,002</b>	1,205
Community Medical Center (currently a part of Saint Barnabas Health Care System)	<b>1,061</b>	1,251
Children's Specialized Hospital		614
Shore Rehabilitation Institute	<b>370</b>	683
 Jewish Federation of Southern New Jersey	 <b>245</b>	 413
Visiting Nurses Association of Central Jersey	<b>743</b>	849
Somerset Medical Center	<b>21,374</b>	21,374
Underwood Memorial Hospital	<b>2,422</b>	3,149
FOCUS-Hispanic Center for Community Development	<b>96</b>	151
 New Jersey Organ and Tissue Sharing Network	 <b>1,629</b>	 1,830
Atlantic City Medical Center	<b>6,283</b>	7,150
Virtua Health Inc.		15,444
P.G. Chamber's School (formerly Children's Center for Therapy and Learning, Inc.)	<b>1,476</b>	2,458
Saint Barnabas Corporation-Mega Care, Inc.	<b>13,830</b>	15,312
Total Capital Asset Program notes receivable	<b>52,044</b>	73,900
Less cash and investments held by trustee	<b>42</b>	1,111
Net Capital Asset Program notes receivable	<b><u>\$52,002</u></b>	<b><u>\$72,789</u></b>

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**5. Equipment Revenue Notes Receivable**

Equipment revenue notes receivable are for varying terms. The borrowing institutions are required to make principal and interest payments to the note holder in an amount sufficient to meet the principal and interest requirements of the Equipment Revenue Notes.

The notes are secured by first liens on all or a portion of the physical property financed with the note, or similar collateral. The Authority has assigned all of its rights, title and interest in such security to the holder of each respective note.

As of December 31, 2004, there was one equipment revenue note receivable for Barnert Hospital in the amount of \$4,600,000 less cash and investments held by the trustee of \$4,573,000 leaving a net equipment revenue note receivable of \$27,000. As of December 31, 2003, the note receivable was \$5,500,000 less cash and investments held by the trustee of \$5,496,000 leaving a net equipment revenue note receivable of \$4,000.

**6. Lease Receivable: Greystone Park Psychiatric Hospital**

The Authority entered into a 50-year lease on December 18, 2003 with the Department of Human Services of the State of New Jersey (DHS) whereby the Authority obtained a lease on the existing property and buildings of the Greystone Park Psychiatric Hospital. The Authority has agreed to make major improvements to the leased property and sublease the property back to DHS. The improvements are being financed by the issuance of Lease Revenue Bonds of the Authority payable solely from sublease rental payments received from DHS. On December 18, 2003 the Authority issued lease revenue bonds in the aggregate principal amount of \$19,125,000 to finance the improvements and anticipates a second issue of lease revenue bonds will be necessary in order to complete the project. The sublease was also entered into on December 18, 2003. Under the sublease, DHS agrees to make rental payments to the Authority that are sufficient to pay the principal, interest and other costs associated with the financing, subject to appropriation. There is no remedy provided to the Authority under the sublease for any default by DHS in its payment of rent or failure by DHS to make such payments, if in either case moneys therefor are not appropriated.

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**7. Cash and Investments**

The components of cash and investments at December 31, 2004 and 2003 are:

	<b>2004</b>	<b>2003</b>
	<u>(\$000)</u>	
Cash and cash equivalents:		
Money Market Funds (which includes New Jersey Cash Management Fund)	<b>\$539,609</b>	\$469,217
Investments:		
Investment agreements:		
Collateralized	<b>70,876</b>	160,225
U.S. Treasury and Agency obligations	<b>249,725</b>	307,467
Total cash, cash equivalents and investments	<b><u>\$860,210</u></b>	<b><u>\$936,909</u></b>

The New Jersey Cash Management Fund is a common trust fund administered by the New Jersey Department of the Treasury, Division of Investment. Securities in the Fund are insured, registered or held by the Division or its agent in the Fund's name. Money market funds represent shares of open-end, diversified investment companies which, along with funds invested in the New Jersey Cash Management Fund, are "uncategorized" investments for GASB purposes.

All investments, except for investment agreements, are carried at fair value. Investment agreements are non-participating guaranteed investment contracts which are carried at cost.

Investments of restricted funds are generally made in accordance with the Authority's General Bond Resolution, subject to modifications in the applicable Series Resolutions. The General Bond Resolution, which is amended from time to time, permits the investment of funds held by the trustee in the following: (a) obligations of or guaranteed by the State of New Jersey; the U.S. government or agencies of the U.S. government; (b) obligations of or guaranteed by any state of the U.S. or the District of Columbia rated in the highest two credit rating categories; (c) repurchase agreements secured by obligations noted in (a) or (b) above; (d) interest-bearing deposits in any bank or trust company, insured or secured by a pledge of obligations noted in (a) or (b) above; (e) New Jersey Cash Management Fund; (f) shares of an open-end, diversified investment company which is registered under the Investment Company Act of 1940 which invests in obligations of or guaranteed by the U.S. government or government agencies with maturities of less than one year and has net assets of not less than \$10,000,000.

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**7. Cash and Investments (continued)**

In addition, bond resolutions for FHA-insured mortgages, the Capital Asset Program and certain bond issues permit investments in investment agreements.

These investments are made at the direction of the Authority and are held by the respective trustee in the name of the Authority and the respective health care organization. Interest income earned on such investments is credited periodically to the participant's trust account.

**8. Revenue Bonds and Notes**

The security for the revenue bonds and notes of the Authority is described in Note 3 and is assigned to the trustee of the bond issue or to the holder of the equipment revenue note. The bonds and notes do not constitute a debt or liability of the State of New Jersey or any other political subdivision, or a pledge of the faith and credit of the State of New Jersey or any other political subdivision thereof, but are special limited obligations of the Authority payable solely from the revenues received by the Authority under the mortgage, loan, lease and note agreements and from amounts in the debt service reserve funds and other funds held pursuant to the resolutions, loan and mortgage agreements.

Revenue bonds and notes outstanding are comprised of the following:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003



New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
<b>Revenue bonds (continued)</b>				
Public issues (continued):				
Southern Ocean County Hospital, Series A	2023	6.125-6.25	\$ 21,500	\$ 22,100
Saint Peter’s Medical Center, Series F (currently Saint Peter’s University Hospital)	2021	4.50-5.00	47,475	49,615
Chilton Memorial Hospital, Series D	2013	4.80-5.00	24,470	26,590
Shore Memorial Health Care System, Series 1993	2012	4.60-5.00	14,490	17,115
Somerset Medical Center, Series A	2024	4.50-5.20	30,040	30,910
Dover General Hospital and Medical Center, Series 1994 (currently Saint Clare’s Hospital, Inc.)	2012	5.875-7.00	*	31,265
Raritan Bay Medical Center, Series 1994	2027	6.625-7.25	53,200	55,900
Jersey Shore Medical Center, Series 1994 (currently a part of Meridian Health System, Inc.)	2024	5.50-6.75	29,340	33,270
Saint Clares*Riverside Medical Center, Series 1994 (currently a part of Saint Clare’s Hospital, Inc.)	2014	5.50-5.75	*	43,560
Christ Hospital Obligated Group, Series 1994	2006	7.00	*	9,400
Bayonne Hospital Obligated Group, Series 1994	2012	6.10-6.40	15,600	17,070
JFK Health Systems Obligated Group, Series 1995	2025	5.05-5.70	26,070	26,730
Warren Hospital Obligated Group, Series 1995	2018	5.25-5.875	10,085	10,555
Kennedy Health Facilities, Inc., Series 1995	2025	4.90-5.90	3,770	3,870
Robert Wood Johnson University Hospital, Series C	2010	4.75-5.75	16,095	18,345
St. Joseph’s Hospital and Medical Center Obligated Group, Series 1996A	2026	5.10-6.00	71,230	76,470
St. Joseph’s Hospital and Medical Center Obligated Group, Series 1996B	2011	7.70	2,720	3,005
St. Elizabeth Hospital Obligated Group, Series 1997 (currently Trinitas Hospital)	2027	5.35-6.00	54,195	55,305
Care Institute, Inc. - Cherry Hill, Series 1996	2027	7.75-8.00	15,220	15,455
Holy Name Hospital, Series 1997	2025	4.85-6.00	58,920	60,450

\*Defeased and/or retired

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
<b>Revenue bonds (continued)</b>			(\$000)	
Public issues (continued):				
Shoreline Behavioral Health Center, Series 1997 (currently Saint Barnabas Behavioral Health Center, a part of Saint Barnabas Health Care System)	2027	5.00-5.50	\$ 13,295	\$ 13,590
AHS Hospital Corporation, Series 1997 A	2027	4.625-6.00	101,080	104,405
AHS Hospital Corporation, Series 1997 B	2025	Auction Rate	*	61,600
Newton Memorial Hospital, Series 1997	2019	4.50-5.00	16,305	17,035
Kennedy Health System Obligated Group, Series 1997 A	2027	4.50-5.20	15,425	15,880
Southern Ocean County Hospital, Series 1997	2027	4.30-5.00	12,410	12,700
Capital Health System Obligated Group, Series 1997	2027	4.70-5.25	44,745	46,540
Christian Health Care Center, Series 1997 A	2018	4.85-5.50	15,245	15,975
Christian Health Care Center, Series 1997 B	2028	Daily/weekly/ unit pricing/ term rate or fixed rate mode	9,500	9,700
Bayonne Hospital Obligated Group, Series 1998	2027	4.75	22,725	22,725
Community Medical Center/Kimball Medical Center/Kensington Manor Care Center Obligated Group, Series 1998 (currently parts of Saint Barnabas Health Care System)	2019	4.125-5.50	64,275	70,640
Cathedral Health Services, Inc., Series 1998	2021	4.40-5.50	64,580	67,240
Kennedy Health System Obligated Group, Series 1997 B	2015	5.00-5.75	24,330	27,315
The Medical Center at Princeton, New Jersey Obligated Group, Series 1998	2028	4.30-5.125	59,815	61,375
Rahway Hospital Obligated Group, Series 1998	2014	4.80-5.125	22,690	24,405
Hackensack University Medical Center, Series 1998	2028	4.20-5.375	147,830	150,375
JFK Medical Center/Hartwyck at Oak Tree Obligated Group, Series 1998	2025	4.30-5.00	46,970	48,180
Saint Barnabas Medical Center/West Hudson Hospital Obligated Group, Series 1998A (currently parts of Saint Barnabas Health Care System)	2028	4.20-5.25	56,745	59,715
Christ Hospital, Series 1998 A-2	2013	Weekly or Term rate		3,300
Christian Health Care Center, Series 1998 A-3	2018	Weekly or Term rate	700	800

\*Defeased and/or retired

New Jersey Health Care Facilities  
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Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
<b>Revenue bonds (continued)</b>				
Public issues (continued):				
Holy Name Hospital, Series 1998 A-4	2018	Weekly or Term rate	\$ 6,700	\$ 7,000
United Methodist Homes of NJ Foundation, Inc., Series 1998 A-6	2007	Weekly or Term rate	1,500	2,000
CentraState Medical Center Obligated Group, Series 1998	2028	3.85-4.65	54,290	55,565
Pascack Valley Hospital Association, Series 1998	2028	4.35-5.125	34,150	34,890
Virtua Health Inc., Series 1998	2028	4.00-5.25	126,065	132,700
Saint Barnabas Health Care System, Series 1998B	2028	0.00-5.25	458,407	458,493
Catholic Health East, Series 1998E	2029	4.00-5.25	61,930	63,125
Barnert Hospital, Series 1999	2025	4.00-5.00	29,015	29,865
Palisades Medical Center of New York Presbyterian Health Care System Obligated Group, Series 1999	2028	4.65-5.25	28,630	28,630
The Avalon at Bridgewater Assisted Living Project, Series 1999A	2029	6.625-6.75	6,630	6,630
The Avalon at Bridgewater Assisted Living Project, Series 1999B	2008	9.25-9.75	385	485
Burdette Tomlin Memorial Hospital, Series 1999	2029	4.95-5.60	24,185	24,185
Meridian Health System Obligated Group, Series 1999	2029	4.40-5.625	230,270	234,280
Holland Christian Home Association, Series 1999A-2	2019	Weekly or Term rate	3,500	3,700
The Medical Center at Princeton, New Jersey, Series 1999A-3	2004	Weekly or Term rate		2,200
St. Mary's Hospital, Passaic, New Jersey, Series 1999A-4	2019	Weekly or Term rate	8,200	8,600
Trinitas Hospital Obligated Group, Series 2000	2030	6.25-7.50	80,220	81,100
Hackensack University Medical Center, Series 2000	2034	5.125-6.125	84,290	85,335
Saint Barnabas Health Care System, Series 1998C	2018	5.00-5.25	12,075	12,075
Robert Wood Johnson University Hospital, Series 2000	2031	5.20-5.75	129,640	129,640

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Financing Authority

Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
<b>Revenue bonds (continued)</b>				
Public issues (continued):				
Muhlenberg Regional Medical Center, Series 2000	2018	4.50-5.50	\$ 22,160	\$ 23,250
The Society of the Valley Hospital Obligated Group, Series 2000	2031	4.50-5.75	38,570	40,000
Saint Peter’s University Hospital Obligated Group, Series 2000A	2030	6.875	36,795	36,795
Saint Peter’s University Hospital Obligated Group, Series 2000B	2030	Floating Rate	29,280	29,280
Saint Peter’s University Hospital Obligated Group, Series 2000C	2030	Floating Rate	5,720	5,720
Southern Ocean County Hospital, Series 2001	2031	4.00-5.125	24,915	25,375
The House Of The Good Shepherd Obl. Grp., Series 2001	2031	3.50-5.20	19,450	19,810
Jersey City Medical Center, Series 2001	2041	2.95-5.00	199,500	200,000
Kennedy Health System Obl. Grp., Series 2001	2031	5.50-5.625	43,890	43,890
St. Barnabas Health Care System, Series 2001A	2031	Weekly Rate	34,400	36,900
St. Barnabas Health Care System, Series 2001B	2031	Auction Rate	75,225	76,750
Newton Memorial Hospital, Series 2001	2026	2.50-5.250	14,175	14,590
Meridian Hospital Corp., Series 2001 A-1	2006	Weekly or Term rate	10,900	12,200
Holy Name Hospital, Series 2001 A-2	2006	Weekly or Term rate	3,000	3,700
Bayshore Community Hospital, Series 2002	2032	3.00-5.125	47,705	48,740
Atlantic City Medical Center, Series 2002	2025	3.65-6.25	110,455	113,205
Palisades Medical Center of NY Presbyterian Health Care System Obl. Grp., Series 2002	2031	4.00-6.625	14,470	15,125
South Jersey Hospital, Series 2002	2032	4.375-6.00	168,035	170,470
RWJ Health Corp. at Hamilton, Series 2002	2032	Daily/weekly/ term rate or flexible rate mode	30,780	31,000
Wiley Mission Project, Series 2002	2029	Floating rate	13,770	13,770

New Jersey Health Care Facilities  
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Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
<b>Revenue bonds (continued)</b>				
Public issues (continued):				
Englewood Hospital and Medical Center, Series 2002	2031	2.80-5.25	\$ 99,955	\$ 99,955
Catholic Health East, Series 2003A	2033	2.00-5.375	47,200	47,200
Meridian Health System Obligated Group, Series 2003A	2033	Daily/Weekly/ Term Rate or Flexible Rate Mode	60,000	60,000
Meridian Health System Obligated Group, Series 2003B	2033	Daily/Weekly/ Term Rate or Flexible Rate Mode	40,000	40,000
Pascack Valley Hospital Association, Series 2003	2036	6.00-6.625	51,205	51,205
Somerset Medical Center, Series 2003	2033	5.50-5.75	81,390	81,390
The Community Hospital Group, Inc., Series 2003A-1	2020	Weekly or Term Rate	19,100	20,000
The Matheny School and Hospital Inc., Series 2003 A-2	2023	Weekly or Term Rate	3,400	3,500
Robert Wood Johnson University Hospital, Inc., Series 2003 A-3	2023	Weekly or Term Rate	24,100	25,000
Saint Clare's Hospital, Inc., Series 2003 A-4	2018	Weekly or Term Rate	*	15,400
St. Francis Medical Center, Series 2003 A-5	2018	Weekly or Term Rate	2,900	3,100
St. Joseph's Wayne Hospital, Inc., Series 2003 A-6	2018	Weekly or Term Rate	6,100	6,500
Virtua Health Inc., Series 2003 A-7	2018	Weekly or Term Rate	10,400	11,000
Shore Memorial Health Care System, Obligated Group, Series 2003	2023	2.00-5.00	30,905	31,205
Rahway Hospital, Series 2003 A-8	2023	Weekly or Term Rate	11,000	11,000

\*Defeased and/or retired

New Jersey Health Care Facilities  
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Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
<i>(\$000)</i>				
<b>Revenue bonds (continued)</b>				
Public issues (continued):				
AHS Hospital Corporation, Series 2003	2025	Auction Rate	\$ 71,225	\$ 75,075
Capital Health System Obligated Group, Series 2003 A	2033	2.00-5.75	100,755	101,560
Capital Health System Obligated Group, Series 2003 B	2033	Floating Rate	29,900	30,000
Jersey City Medical Center, Series 2003	2030	2.00-4.80	16,440	16,440
Greystone Park Psychiatric Hospital Project, Series 2003	2025	2.00-5.00	19,125	19,125
Underwood Memorial Hospital, Series 2004	2033	Weekly	64,575	
Hackensack University Medical Center, Series 2004	2036	Weekly or Monthly	150,000	
AHS Hospital Corp, Series 2004	2016	Weekly	26,300	
Bayshore Community Hospital, Series 2004	2014	Weekly	8,000	
Beth Israel Hospital Association of Passaic, Series 2004	2014	Weekly	13,300	
Meridian Nursing and Rehab, Series 2004	2035	Weekly	14,725	
South Jersey Hospital, Inc., Series 2004	2034	Weekly	15,075	
Robert Wood Johnson Univ. Hospital, Series 2004	2029	Weekly or Term	50,000	
St. Clare's Hospital, Series 2004A	2025	4.25-5.25	59,000	
St. Clare's Hospital, Series 2004B	2015	2.5-5.25	45,000	
Virtua Health, Series 2004	2033	Weekly or Term	60,000	
Total public issues			4,906,712	4,692,813

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
Revenue bonds (continued)				
Private placements:				
St. Mary’s Catholic Home, Series A	2018	6.75	\$	*
William B. Kessler Memorial Hospital, Series A	2005	78% of index rate		
St. Ann’s Home for the Aged, Series 1996	2011	8 year Treasury index		
CentraState Assisted Living, Inc., Series 1998	2018	4.57% thru 2008-then 10 year		
Bartley Assisted Living LLC, Series 2000	2025	Treasury index 6.28% for a 5 year period-then adjusted every 5 years; at a fixed rate based on weekly average U.S. Treasury Securities yield		
Healthcare Centers of Wayne, Inc., Series 2000	2025	6.10% for a 5 year period; then adjusted every 5 years at a fixed rate based on weekly average U.S. Treasury Securities yield		
JFK Assisted Living Series 2001	2026	5.65% for a 10 year period; then adjusted for 10 years then another 5 years at a fixed rate per annum equal to the then-in-effect weekly average U.S. Treasury Securities yield		
Hartwyck West Nursing Home Series 2001	2008	5.65		

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Financing Authority

Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
<b>Revenue bonds (continued)</b>				
Private placements (continued):				
Warren Hospital Obligated Group, Series 2002	2027	5.55% until 2009; then a fixed rate based on the 7 year treasury index plus 150 basis points until maturity	\$ 14,175	\$ 14,490
Cathedral Health Services, Inc. Series 2002A	2008	4.69	1,933	2,405
Cathedral Health Services, Inc. Series 2002B	2008	4.69	5,061	6,297
Cathedral Health Services, Inc. Series 2002C	2017	5.85	4,118	4,332
Beth Israel Hospital Association, Series 2003	2010	5.00% thru December 31, 2006; then greater of 5.00% or the rate equal to the 3-year T-Note plus 250 basis points	20,700	30,600
Total private placements			<u>84,835</u>	111,335
Capital Asset Program:				
Capital Asset Program, Series A, B, C, D	2035	Variable rate	100,000	100,000
Total Capital Asset Program			<u>100,000</u>	100,000
Equipment revenue notes:				
Barnert Hospital, Series 2003	2009	4.77	4,600	5,500
Total revenue bonds			<u>\$5,096,147</u>	<u>\$4,909,648</u>



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Notes to Supplemental Financial Information (continued)

**8. Revenue Bonds and Notes (continued)**

The aggregate maturities and interest payments of outstanding bonds and notes for the next five years and thereafter are:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	<i>(\$000)</i>		
2005	\$ 131,891	\$ 212,640	\$ 344,531
2006	136,112	207,030	343,142
2007	141,202	201,165	342,367
2008	158,619	193,174	351,793
2009	154,845	191,681	346,526
Thereafter	4,373,478	2,222,269	6,595,747
	<u>\$5,096,147</u>	<u>\$3,227,959</u>	<u>\$8,324,106</u>

**9. Compliance with Bond Provisions**

Each bond issue has covenants stipulating certain financial ratios and permitted indebtedness limits with which the health care organizations must comply throughout the term of the related debt. The Authority has developed a compliance program to monitor the borrower's compliance with the terms and provisions of the related bond documents.

In the event an organization violates any of the said covenants, the bond documents outline various actions to be taken by the borrower, trustee and/or the Authority ranging from requiring an independent consultant's report related to the reasons for violations, to the appointment of a third-party to take over the management of the organization.

If an Event of Default, as defined in the Series Resolution, or the Authority's General Resolution does occur, the trustee may, and upon request of the required percentage of holders in principal amount of the outstanding bonds of the applicable series, shall declare the principal immediately due and payable from the respective borrower within thirty days of written notification to the Authority or the trustee.

The Authority routinely monitors the financial condition of all borrowers to determine compliance with the requirements pursuant to related bond documents. As of December 31, 2004, there were no Events of Default for any of the Authority's bond issues.

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**10. Defeased 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 these bond issues are used to refund the outstanding bond issues or to deposit in an irrevocable escrow account held by an escrow agent, an amount which, when combined with interest earnings thereon, is sufficient to pay the principal and interest on the defeased bonds when due. The escrow accounts meet the criteria under generally accepted accounting principles for a refunding and, accordingly, the escrow account assets and the liability for refunded bonds are not included in the Authority's financial statements.

Certain refundings result in annual debt service savings compared to the original debt service requirements. The debt service savings, together with any accounting gain or loss to be deferred, accrue to the respective organizations.

A summary of outstanding balances as of December 31, 2004 and 2003, by issue, is as follows:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31 2004	2003
			(\$000)	
Defeased public issues:				
Community Hospital Group, Inc., Series A	2005	5.80	\$ 440	\$ 880
Chilton Memorial Hospital, Series A	2004	6.25		200
Shore Memorial Hospital, Series A	2006	8.90	965	1,355
Community Memorial Hospital Association (Toms River), Series A (currently Community Medical Center, a part of Saint Barnabas Health Care System)	2009	6.75	4,235	4,925
The Overlook Hospital Association, Series C (currently a part of AHS Hospital Corporation)	2011	6.90	8,135	9,015

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**10. Defeased Issues (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
			(\$000)	
Defeased public issues (continued):				
Hackensack Hospital, Series A (currently Hackensack University Medical Center)	2009	8.75	\$ 8,115	\$ 9,740
Mercer Medical Center, Series B (currently a part of Capital Health System)	2008	7.00	4,150	5,040
Monmouth Medical Center, Series A (currently a part of Saint Barnabas Health Care System)	2009	6.70	3,685	4,420
Our Lady of Lourdes, Series A (currently a part of Catholic Health East)	2006	8.625	820	1,230
St. Francis Hospital, Series A (currently a part of Bon Secours New Jersey Health System, Inc.)	2012	8.00	10,675	11,615
Bridgeton Hospital Association, Series B (currently a part of South Jersey Hospital System)	2013	6.00	4,370	4,370
Saint Barnabas Medical Center, Series A (currently a part of Saint Barnabas Health Care System)	2011	7.00	5,405	6,180
Burlington County Memorial Hospital, Series C (currently a part of Virtua Health, Inc.)	2012	6.00	10,500	10,500
East Orange General Hospital, Series A	2007	6.70	1,265	1,635
Point Pleasant Hospital, Series A (currently a part of Meridian Health System, Inc.)	2010	7.30	4,595	5,195
Dover General Hospital and Medical Center, Series 1994 (currently a part of Saint Clare's Hospital, Inc.)	2005	5.875-7.00	28,555	
The General Hospital Center at Passaic, Series 1994 (currently a part of Beth Israel Hospital Association of Passaic)	2019	6.00-6.75	57,195	59,455
Allegany Health-Our Lady of Lourdes, Series 1993 (currently a part of Catholic Health East)	2018	4.70-5.20	35,860	37,580
Wayne General Hospital, Series B (currently a part of Saint Barnabas Health Care System)	2004	5.30-5.875		8,995
Monmouth Medical Center, Series C (currently a part of Saint Barnabas Health Care System)	2004	6.25		68,045

New Jersey Health Care Facilities  
Financing Authority

Notes to Supplemental Financial Information (continued)

**10. Defeased Issues (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
(\$000)				
Defeased public issues (continued):				
Saint Clares* Riverside Medical Center, Series 1994 (currently a part of Saint Clare’s Hospital, Inc.)	2005	5.50-5.75	\$ 40,600	
Christ Hospital Obligated Group, Series 1994	2006	7.00	6,475	
Newark Beth Israel Medical Center, Series 1994 (currently a part of Saint Barnabas Health Care System)	2004	6.00		\$ 85,685
Irvington General Hospital, Series 1994 (currently a part of Saint Barnabas Health Care System)	2004	5.875-6.40		14,655
Riverview Medical Center, Series 1994 (currently a part of Meridian Health System, Inc.)	2004	5.20-6.25	18,600	48,295
St. Mary Hospital, Series 1993 (currently a part of Bon Secours and Canterbury Partnership for Care)	2012	5.875	16,105	17,650
Bayshore Community Hospital, Series 1989 A&B	2009	0.00	1,613	2,010
South Jersey Hospital System, Series 1994	2004	6.00		10,095
Englewood Hospital and Medical Center, Series 1994	2004	6.75		25,415
New Seasons of Mt. Arlington Assisted Living Project, Series 2000B	2010	10.75	845	940
Mercer Medical Center, Series 1991 (currently part of Capital Health System)	2004	6.25-6.50		37,030
Saint Clare’s Hospital, inc., Series 2003 A-4	2005	Weekly or Term Rate	14,600	
Total defeased public issues			287,803	492,150
Defeased private placements:				
Zurbrugg Memorial Hospital, Series A (currently Rancocas Hospital, a part of Catholic Health East)	2004	7.375		415
Burdette Tomlin Memorial Hospital, Series A	2005	7.25	310	600
Saint Peter’s Medical Center, Series A (currently Saint Peter’s University Hospital)	2009	7.125	745	891
St. Elizabeth Hospital, Series A (currently Trinitas Hospital)	2009	6.00	6,000	6,000
Christian Health Care Center, Series C	2006	8.75	13,265	13,740
Total defeased private placements			20,320	21,646

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Notes to Supplemental Financial Information (continued)

**10. Defeased Issues (continued)**

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2004	2003
			(\$000)	
Partially defeased public issues:				
Bayonne Hospital Obligated Group, Series 1994	2004	6.00-6.40		\$ 3,020
Jersey Shore Medical Center, Series 1994 (currently a part of Meridian Health System, Inc.)	2004	5.60-6.75		41,610
South Jersey Hospital System	2004	5.30-6.00		6,355
Total partially defeased public issues			\$ —	50,985
Total defeased issues			<u>\$ 308,123</u>	<u>\$564,781</u>