

FINANCIAL STATEMENTS
AND SUPPLEMENTAL FINANCIAL INFORMATION
New Jersey Health Care Facilities Financing Authority
A Component Unit of the State of New Jersey
December 31, 2005

New Jersey Health Care Facilities
Financing Authority

Financial Statements
and Supplemental Financial Information

December 31, 2005

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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, 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. 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, 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.

As discussed in Note 5, during 2005, the Authority adopted Governmental Accounting Standards Board Statement No. 45 "*Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.*"

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 audits were 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 15, 2006

New Jersey Health Care Facilities
Financing Authority

Management's Discussion and Analysis

Year ended December 31, 2005

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, 2005. Please read it in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights

The Authority's total net assets increased \$904,000 or 17.4%
 Cash and Investments increased \$1,050,000 or 27.6%
 Operating Revenue increased \$3,000 or 0.1%
 Operating Expenses increased \$488,000 or 17.8%
 Operating Income decreased \$485,000 or 38.2%

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, 2005, 2004 and 2003:

	2005	2004	2003	Increase/ (Decrease) 2004-2005	Increase/ (Decrease) 2004-2005
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Current assets	\$7,084	\$5,793	\$4,516	\$1,291	22.3%
Noncurrent assets	286	132	48	154	116.7%
Total assets	7,370	5,925	4,564	1,445	24.4%
Current liabilities	967	722	675	245	33.9%
Noncurrent liabilities	296	–	–	296	N/A
Total liabilities	1,263	722	675	541	74.9%
Total net assets	\$6,107	\$5,203	\$3,889	\$ 904	17.4%

Current Assets are comprised of Cash and Cash Equivalents, Investments, Administrative Fees and Other Receivables and Prepaid Expenses. As of December 31, 2005, Cash and Cash Equivalents increased \$101,000 or 12.4% and Investments increased \$949,000 or 31.7% when compared to December 31, 2004. 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 \$249,000 during 2005. The Administrative Fees receivable portion which represents the Authority's semi-annual fee billing that was done on December 31, 2005 increased \$182,486 when compared to the semi-annual fee billing that was done on December 31, 2004. The semi-annual fee billings done on December 31, 2005 and 2004 totaled \$1,912,979 and \$1,730,493, 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, included in Other Receivables are receivables from the Authority's client institutions for trustee fees that have been billed to the Authority which the Authority in turn bills the institutions. Once payment is received from the institutions for the trustee fees, the Authority in turn remits payment to the Trustee. This receivable as of December 31, 2005 totaled \$117,680 compared to \$62,944 as of December 31, 2004 or an increase of \$54,736. Trustee fees receivable fluctuates from period to period depending on the timing of when new financings are completed and when invoices are received from the trustee and when they are paid by the institutions.

When comparing Current Assets as of December 31, 2004 to December 31, 2003, Cash and Cash Equivalents increased \$121,000 or 17.5% and Investments increased \$1,171,000 or 64.4%. Administrative Fees receivable increased \$32,108 and Trustee Fees receivable decreased \$12,445. The semi-annual fee billing that was done on December 31, 2003 totaled \$1,698,385 while the Trustee Fees receivable at December 31, 2003 totaled \$75,389.

Noncurrent Assets represent the Authority's capital assets net of accumulated depreciation. When comparing Noncurrent Assets as of December 31, 2005 to December 31, 2004 and December 31, 2004 to December 31, 2003 there was an increase of \$154,000 and \$84,000, respectively. During 2004 the Authority started the process of replacing the majority of its office furniture which was in excess of 20 years old. That process was completed in 2005. In addition, in 2005, the Authority replaced four (4) Authority vehicles, whose leases had expired, with the purchase of four (4) new Authority vehicles.

Current Liabilities in 2005 are comprised of Accounts Payable, Accrued Expenses and Deferred Revenue. Accounts Payable and Accrued Expenses increased \$78,000 or 37.9% compared to December 31, 2004. This was due in part to the reinstatement of the Employers Pension Expense which had been waived since 1997. Chapter 108, P.L. 2003 called 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, 2004 to June 30, 2005 which is due April 1, 2006 and accrued an

estimated employer pension expense for the period July 1, 2005 to December 31, 2005. In addition, as part of Accounts Payable, there is a Trustee Fees payable which is the offset of the Trustee Fees receivable described previously under Current Assets which also increased \$54,736. Deferred Revenue increased \$167,000 or 32.4% compared to December 31, 2004. It represents the semi-annual fees billed on December 31, 2005 and 2004 which cover the periods January 1, 2006 to June 30, 2006 and January 1, 2005 to June 30, 2005, respectively. Deferred Revenue will increase from year to year as a result of completed financings being added to the semi-annual fee billing schedule.

When comparing Current Liabilities in 2004 to 2003, Accounts Payable and Accrued Expenses increased \$22,000 or 12.0%, Deferred Revenue increased \$215,000 or 71.4% and Accrued Retirement Benefits decreased \$190,000 or 100.0%. The increase in Accounts Payable and Accrued Expenses was due in part to the Employers Pension Expense being reinstated with the first payment due April 1, 2005. The Authority recorded a payable for the period July 1, 2003 to June 30, 2004 and accrued an estimated employer pension expense for the period July 1, 2004 to December 31, 2004. Finally, the decrease in Accrued Retirement Benefits was due to the fact that there was no accrual made 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.

Noncurrent liabilities in 2005 represents the Authority's unfunded actuarial accrued liability for post-employment benefits other than pensions in accordance with GASB No. 45, *Accounting and Financial Reporting by Employees for Post-Employment Benefits Other Than Pensions*. Further information regarding this liability can be found in Note 5 to the financial statements.

Changes in Net Assets – The following table represents the changes in net assets between fiscal years 2005, 2004 and 2003:

	2005	2004	2003	Increase/ (Decrease) 2004-2005	Increase/ (Decrease) 2004-2005
	(\$000)	(\$000)	(\$000)	(\$000)	(%)
Operating revenues:					
Administrative fees:					
Annual fees	\$3,663	\$3,433	\$2,930	\$ 230	6.7%
Initial fees	285	510	453	(225)	(44.1%)
Mortgage servicing and Section 142 (d) fees	65	67	70	(2)	(3.0%)
Total operating revenues	<u>4,013</u>	<u>4,010</u>	<u>3,453</u>	<u>3</u>	<u>0.1%</u>
Operating expenses:					
Salaries and related expenses	2,053	1,925	1,821	128	6.6%
General and administrative	626	655	585	(29)	(4.4%)
Provision for post-employment benefits	311			311	N/A
Professional fees and other	238	160	240	78	48.8%
Total operating expenses	<u>3,228</u>	<u>2,740</u>	<u>2,646</u>	<u>488</u>	<u>17.8%</u>
Operating income	785	1,270	807	(485)	(38.2%)
Nonoperating revenues (expenses):					
Interest income	119	44	42	75	170.5%
Early retirement benefit			(23)	N/A	N/A
Total nonoperating revenues (expenses)	<u>119</u>	<u>44</u>	<u>19</u>	<u>75</u>	<u>170.5%</u>
Change in net assets	904	1,314	826	(410)	(31.2%)
Net assets, beginning of year	5,203	3,889	3,063	1,314	33.8%
Net assets, end of year	<u>\$6,107</u>	<u>\$5,203</u>	<u>\$3,889</u>	<u>\$ 904</u>	<u>17.4%</u>

The Authority's Net Assets increased \$904 thousand from the end of calendar year 2004 to 2005. By contrast, there was a \$1.3 million increase in the Authority's Net Assets from the end of calendar year 2003 to 2004. However, when comparing the Change in Net Assets figures there was a decrease of \$410,000 from 2004 to 2005 compared with a \$488,000 increase from 2003 to 2004. The increase in the Change in Net Assets figure from 2003 to 2004 was mainly due to the changes made in the Authority's various fee structures that were effective January 1, 2003. The changes in the fee structures included an increase in the annual administrative fee from 6.5 basis points 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. In addition, an initial fee was implemented 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 was 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 provide the appropriate level of services to its borrowers.

By contrast, the decrease in the Changes in Net Assets figure from 2004 to 2005 was due in part to a \$488,000 increase in operating expenses while only showing a minimal increase in operating revenues of \$3,000 and a \$75,000 increase in interest income as further explained below.

Operating Revenues – During 2005, Annual Fees increased \$230,000 while Initial Fees decreased \$225,000 when compared to 2004. Concerning Annual Fees, 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. Regarding the decrease in Initial Fee income, in 2005, the Authority received twelve (12) initial fees compared to eighteen (18) in 2004. 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.

Operating Expenses – During 2005, operating expenses increased \$488,000 or 17.8% when compared to 2004. There were salary and health benefit premium increases effective January 1, 2005. In addition, Professional Fees and other expense increased due in part to expenditures for the New Jersey Department of Health and Senior Services Asthma Summit and an increase in Depreciation expense as a result of depreciable assets being added over the past two years. However, the majority of the increase was due to the recording of the expense for the unfunded actuarial accrued liability for post-employment benefits other than pensions in the amount of \$296,000 as further described in Note 5 to the financial statements. Slightly offsetting the increases was an overall decrease in general and administrative expenses. These expenses include but are not limited to, non-depreciable capital assets, such as furniture, equipment and computer related items, telephone, postage, office supplies, printing, equipment and software maintenance, archiving documents, equipment rental and insurance.

Nonoperating Revenues (Expenses) - Interest income in 2005 and 2004 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 2005 totaled \$119,000 when taking into account the adjustment for the decrease in the fair value in investments of \$21,000. By comparison, 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. During 2005, the Authority's investment portfolio included nine (9) agency securities and one (1) treasury security with interest rates ranging from 1.50% to 4.00%. During 2004, the Authority's investment portfolio included seven (7) agency securities and one (1) treasury security with interest rates ranging from 1.50% to 3.375%. Further, the yield on the New Jersey Cash Management fund went from 2.09% as of December 31, 2004 to 4.12% as of December 31, 2005.

Subsequent information since December 31, 2005

Effective in 2006, the Authority has made changes to its various fee structures. The Authority's annual fee will be reduced on revenue bond financings from 10 basis points plus a 3.1% inflation factor (10.31 basis points) to 10 basis points. This change affects issues currently calculated at 10.31 basis points and for financings completed after December 31, 2005. The cap on annual fees which was based on a \$75,000,000 financing will increase to \$80,000,000 for 2006. The cap amount on financings will continue to be subject to an inflation factor. The annual fee for new Equipment Revenue Note Financings will be reduced from 10.31 basis points to 7.5 basis points. Further, initial fees for Revenue/Note financings have been eliminated and the initial fee for the Capital Asset Program has been reduced from \$5,000 to \$500. Finally, the reimbursement from Authority borrowers of the legal fees charged by the Attorney General's office has been eliminated for work done after December 31, 2005.

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.

New Jersey Health Care Facilities
Financing Authority

Balance Sheets

	December 31	
	2005	2004
	(\$000)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 915	\$ 814
Investments	3,938	2,989
Administrative fees and other receivables	2,087	1,838
Prepaid expenses	144	152
Total current assets	7,084	5,793
Noncurrent assets:		
Capital assets	742	571
Less accumulated depreciation	(456)	(439)
Total noncurrent assets	286	132
Total assets	\$7,370	\$5,925
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 284	\$ 206
Deferred revenue	683	516
Total current liabilities	967	722
Noncurrent liabilities:		
Post-employment benefits other than pension	296	
Total liabilities	1,263	722
Net assets:		
Unrestricted	5,821	5,071
Invested in capital assets	286	132
Total liabilities and net assets	6,107	5,203
	\$7,370	\$5,925

See accompanying notes.

New Jersey Health Care Facilities
Financing Authority

Statements of Revenues, Expenses and Changes in
Fund Net Assets

	Year ended December 31	
	2005	2004
	(\$000)	
Operating revenues:		
Administrative fees:		
Annual fees	\$3,663	\$3,433
Initial fees	285	510
Mortgage servicing fees	47	49
Section 142 (d) fees	18	18
Total operating revenues	4,013	4,010
Operating expenses:		
Salaries and related expenses	2,053	1,925
General and administrative expenses	626	655
Professional fees	178	128
Provision for post-employment benefits	311	
Depreciation	60	32
Total operating expenses	3,228	2,740
Operating income	785	1,270
Nonoperating revenues:		
Interest income	119	44
Total nonoperating revenues	119	44
Changes in net assets	904	1,314
Net assets, beginning of year	5,203	3,889
Net assets, end of year	\$6,107	\$5,203

See accompanying notes.

New Jersey Health Care Facilities
Financing Authority

Statements of Cash Flows

	Year ended December 31	
	2005	2004
	(\$000)	
Cash flows from operating activities		
Cash received from customers	\$ 3,931	\$ 4,219
Cash payment to suppliers and employees	(2,786)	(2,855)
Net cash provided by operating activities	<u>1,145</u>	<u>1,364</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(215)	(116)
Net cash used in capital and related financing activities	<u>(215)</u>	<u>(116)</u>
Cash flows from investing activities		
Investments purchased	(1,965)	(1,999)
Proceeds from sale and maturities of securities	1,000	800
Investment income	136	72
Net cash used in investing activities	<u>(829)</u>	<u>(1,127)</u>
Net increase in cash and cash equivalents	101	121
Cash and cash equivalents, beginning of year	814	693
Cash and cash equivalents, end of year	<u>\$ 915</u>	<u>\$ 814</u>
Operating income	\$ 785	\$ 1,270
Adjustments:		
Depreciation	60	32
Changes in asset and liabilities:		
Increase in accounts receivable	(249)	(6)
Decrease in prepaid expenses	8	21
Increase in deferred revenue	167	215
Decrease in accrued retirement benefits	-	(190)
Increase in accounts payable	78	22
Increase in liability for post-employment benefits	296	-
Total adjustments	<u>360</u>	<u>94</u>
Net cash provided by operating activities	<u>\$ 1,145</u>	<u>\$ 1,364</u>
Supplemental schedule of noncash investing activities		
Change in fair value of investments	<u>\$ (21)</u>	<u>\$ (28)</u>

See accompanying notes.

New Jersey Health Care Facilities Financing Authority

Notes to Financial Statements

December 31, 2005

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 organization's 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 - Capital assets as listed below, 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
Automobiles	3 years

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, 2005 and 2004 are:

	<u>2005</u>	<u>2004</u>
	<i>(000's)</i>	
Cash and cash equivalents:		
Operating checking account	\$ 26	\$ -
New Jersey Cash Management Fund	889	814
Investments:		
U.S. Treasury obligations		503
U.S. Agency obligations	3,938	2,486
Total cash, cash equivalents and investments	<u>\$4,853</u>	<u>\$3,803</u>

The Authority's bank balance at December 31, 2005 and 2004 amounted to \$64,970 and \$10,142, respectively, all of which was covered by FDIC insurance.

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, 2005 and 2004, 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, 2005 and December 31, 2004, the Authority’s bank balance was not exposed to custodial credit risk since the full amount was covered by FDIC insurance. 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
Financing Authority

Notes to Financial Statements (continued)

3. Cash and Investments (continued)

As of December 31, 2005, the Authority's investments were comprised of U.S. Agencies in the amount of \$3,938,247. 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. 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, 2005 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 12.45%, 37.65% and 49.90%, respectively, of the Authority's total investments. At December 31, 2004 more than 5 percent of the Authority's investments were in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and Federal National Mortgage Association (FNMA) obligations. These investments were 33.29%, 16.54% and 33.26%, 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, 2005 and 2004 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, 2005, the Agencies had maturities ranging from January 15, 2006 through February 15, 2009. As of December 31, 2004, the U.S. Treasuries and Agencies had maturities ranging from January 31, 2005 through May 15, 2007.

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, 2005, 2004 and 2003 were \$1,611,042, \$1,509,563 and \$1,446,816, respectively. Pension cost (benefit) for the years ended December 31, 2005, 2004 and 2003 were \$40,488, \$17,193 and (\$4,413), 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 5.00% in 2005 and 3.00% in 2004 and 2003, respectively.

5. Other Post-Employment Benefits (OPEB)

The Authority provides certain health care benefits for eligible retired employees and their dependents under a single employee stand-alone plan. Employees and/or their dependents become eligible for these benefits upon:

- Disability retirement,
- Retirement after 25 years of creditable service in the Public Employees Retirement System (PERS) and 10 years of service with the Authority.
- Retirement after age 65, 25 years of PERS service and 6 years of service with the Authority.
- Retirement after age 62 and 15 years of service with the Authority.

New Jersey Health Care Facilities
Financing Authority

Notes to Financial Statements (continued)

5. Other Post-Employment Benefits (continued)

Prior to January 1, 2005, the cost of these benefits was charged to expense as paid and totaled approximately \$14,000 for the year ended December 31, 2004. Effective January 1, 2005, the Authority implemented accrual accounting for its OPEB obligations, based on the approach provided in GASB Statement No. 45, *Accounting and Financial Reporting by Employees for Post-Employment Benefits Other Than Pensions*. The present value of the Authority's prior service OPEB obligation was approximately \$2,510,000 as of January 1, 2005, utilizing the projected unit credit method and a discount rate of 4%. In 2005, the Authority began the recognition of this prior service obligation over a 30 year period using level dollar amortization of approximately \$140 thousand annually. The 2005 OPEB provisions of approximately \$311,000 include the amortization of the prior service obligation, a provision for active employees as of the beginning of the year, and an interest charge on the unfunded balance at year-end. The 2005 OPEB provisions were financed on a pay-as-you-go basis, and amounts paid to retirees were approximately \$15,000. Only one participant was eligible to receive these benefits at December 31, 2005.

	2005
	(\$000's)
Actuarial accrued liability:	
Beginning balance	\$ -
2005 Annual Required Contribution	311
Payments to retirees during year	(15)
Unfunded actuarial accrued liability	\$ 296
Covered payroll	\$1,611
Ratio of unfunded actuarial accrued liability to covered payroll	18.4%

6. Commitments

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

7. Related Party Transactions

Operating expenses for the years ended December 31, 2005 and 2004 include approximately \$204,000 and \$319,000, 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)

8. 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, 2005, the Authority issued \$414,650,000 in conduit debt. The amount of conduit debt outstanding at December 31, 2005 totaled \$5,360,020,000.

9. 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. The Authority's policy which covers the period December 18, 2005 through December 18, 2006 has a \$20 million limit of liability with a retention level of \$250,000 at a premium cost of \$110,067.

Supplemental Financial Information

New Jersey Health Care Facilities
Financing Authority

Statements of Net Assets for Trustee Held Funds

	December 31	
	2005	2004
	(\$000)	
Assets		
Mortgages and loans receivable	\$4,199,685	\$4,258,255
Lease receivable	205,690	19,125
Equipment revenue notes receivable	3,212	27
Capital Asset Program notes receivable	71,381	52,002
Construction/program accounts:		
Cash and cash equivalents	482,886	317,019
Investments	39,139	120,826
Prepaid expenses	8	8
Debt service accounts:		
Cash and cash equivalents	174,544	153,931
Investments	12,824	10,825
Receivable from master trustee/institution	6,169	2,699
Debt service reserve accounts:		
Cash and cash equivalents	98,831	66,743
Investments	168,555	188,950
Mortgage servicing accounts:		
Cash and cash equivalents	1,939	1,916
Mortgage payments receivable	753	754
Total assets	\$5,465,616	\$5,193,080
Liabilities and net assets		
Bonds payable	\$5,356,465	\$5,091,547
Revenue notes payable	3,555	4,600
Accrued interest payable	102,036	93,298
Accrued expenses	249	245
Mortgages and escrows payable	2,692	2,670
Deferred income	15	94
Capital Asset Program net assets	604	626
Total liabilities and Capital Asset Program net assets	\$5,465,616	\$5,193,080

See accompanying notes.

New Jersey Health Care Facilities
Financing Authority

Statements of Cash Flows for Trustee Held Funds

	Year ended December 31	
	2005	2004
	(\$000)	
Cash flows from operating activities		
Payments received from institutions under agreements	\$ 364,973	\$ 409,062
Equity contribution from institutions	25,912	35,860
Disbursements for construction/acquisition and issuance expense	(305,079)	(498,993)
Other disbursements	(1,929)	24,490
Net cash provided by (used in) operating activities	83,877	(29,581)
Cash flows from noncapital financing activities		
Face amount of revenue bonds	414,650	506,700
Less deductions at time of sale	(20,664)	(20,136)
Accrued interest to date of delivery	113	200
Refunding of pre-existing debt/escrow fund deposit	–	(97,353)
Net proceeds from sale of revenue bonds	394,099	389,411
Principal/premium paid on revenue bonds	(148,493)	(236,119)
Interest paid on revenue bonds	(236,170)	(230,183)
Net cash provided by (used in) noncapital financing activities	9,436	(76,891)
Cash flows from investing activities		
Net proceeds from sale and maturities of securities	101,398	159,635
Interest on investments	23,880	17,229
Net cash provided by investing activities	125,278	176,864
Net increase in cash and cash equivalents	218,591	70,392
Cash and cash equivalents, beginning of year	539,609	469,217
Cash and cash equivalents, end of year	\$ 758,200	\$ 539,609

See accompanying notes.

New Jersey Health Care Facilities
Financing Authority

Notes to Supplemental Financial Information

December 31, 2005

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, 2005 and 2004, mortgages and loans receivable were:

	<u>2005</u>	<u>2004</u>
	(\$000)	
Mortgages		
The Society of the Valley Hospital	\$ 17,245	\$ 19,555
Robert Wood Johnson University Hospital	143,375	145,735
Chilton Memorial Hospital	22,250	24,470
Burdette Tomlin Memorial Hospital	27,370	29,080
William B. Kessler Memorial Hospital		234
Holy Name Hospital	57,315	58,920
Lutheran Home at Moorestown		3,320
Columbus Hospital	27,450	28,350
Deborah Heart and Lung Center	25,810	26,600
Southern Ocean County Hospital	57,340	58,825
Somerset Medical Center	110,525	111,430
St. Ann's Home for the Aged	7,421	7,678
CentraState Assisted Living, Inc.	7,230	7,432
Total mortgages receivable	<u>503,331</u>	<u>521,629</u>

New Jersey Health Care Facilities
Financing Authority

Notes to Supplemental Financial Information (continued)

3. Mortgages and Loans Receivable (continued)

	2005	2004
	(\$000)	
Loans		
Secured by pledge of collateral with trustees:		
Spectrum for Living	\$ 2,165	\$ 2,255
Barnert Hospital	28,115	29,015
Kennedy Health Facilities, Inc.	3,665	3,770
Cathedral Health Services, Inc.	70,886	75,692
Care Institute, Inc. - Cherry Hill	14,965	15,220
Shoreline Behavioral Health Center (currently Saint Barnabas Behavioral Health Center, a part of Saint Barnabas Health Care System)	12,985	13,295
Christian Health Care Center	7,300	700
Holy Name Hospital	8,700	9,700
United Methodist Homes of New Jersey Foundation, Inc.	1,000	1,500
The Avalon at Bridgewater Assisted Living Project	6,910	7,015
Beth Israel Hospital Association of Passaic	22,875	34,000
Holland Christian Home Association	3,300	3,500
St. Mary's Hospital, Passaic, New Jersey	7,800	8,200
Bartley Assisted Living LLC	9,090	9,396
Muhlenberg Regional Medical Center	21,020	22,160
Jersey City Medical Center	208,635	215,940
Hartwyck West Nursing Home	679	894
JFK Assisted Living	12,903	13,213
Meridian Hospitals Corporation	24,225	25,625
Wiley Mission Project	13,425	13,770
Englewood Hospital and Medical Center	98,855	99,955
The Community Hospital Group	36,200	19,100
The Matheny School and Hospital	3,300	3,400
Robert Wood Johnson University Hospital	72,245	74,100
St. Francis Medical Center	2,700	2,900
St. Joseph's -Wayne Hospital	5,700	6,100
Virtua Health, Inc.	69,800	70,400
Rahway Hospital	11,000	11,000
Bayshore Community Hospital	7,300	8,000
South Jersey Hospital, Inc.	14,755	15,075

New Jersey Health Care Facilities
Financing Authority

Notes to Supplemental Financial Information (continued)

3. Mortgages and Loans Receivable (continued)

	2005	2004
	(\$000)	
Loans (continued)		
Secured by pledge of collateral with trustees (continued):		
Children's Specialized Hospital	\$ 56,895	
AtlantiCare Regional Medical Center	25,000	
Recovery Management, Inc.	13,860	
The Avalon at Hillsborough	12,055	
Secured by pledge of gross receipts under Master Trust Indentures:		
Hackensack Medical Center (currently Hackensack University Medical Center)	378,325	\$ 382,120
Saint Peter's Medical Center (currently Saint Peter's University Hospital)	117,050	119,270
Hunterdon Medical Center	9,500	9,860
East Orange General Hospital	9,605	10,555
St. Elizabeth Hospital (currently Trinitas Hospital)	53,025	54,195
JFK Health Systems Obligated Group	35,860	39,955
Pascack Valley Hospital Association	84,050	85,355
Palisades Medical Center Obligated Group (currently a part of Palisades Medical Center of New York Presbyterian Health Care System)	42,420	43,100
Shore Memorial Health Care System	42,170	45,395
South Jersey Hospital System	165,480	168,035
Raritan Bay Medical Center	50,400	53,200
Jersey Shore Medical Center (currently a part of Meridian Health System, Inc.)	28,620	29,340
Bayonne Hospital Obligated Group	35,675	38,325
Warren Hospital Obligated Group	23,433	24,260
St. Joseph's Hospital and Medical Center Obligated Group	68,255	73,950
AHS Hospital Corporation	190,775	198,605
Newton Memorial Hospital	29,285	30,480
Kennedy Health System Obligated Group	80,015	83,645
Capital Health System Obligated Group	171,125	175,400
Christian Health Care Center	23,780	24,745

New Jersey Health Care Facilities
Financing Authority

Notes to Supplemental Financial Information (continued)

3. Mortgages and Loans Receivable (continued)

	<u>2005</u>	<u>2004</u>
	(\$000)	
Loans (continued)		
Secured by pledge of gross receipts under Master Trust		
Indentures (continued):		
Community Medical Center/Kimball Medical Center/ Kensington Manor Care Center Obligated Group (currently parts of Saint Barnabas Health Care System)	\$ 59,085	\$ 64,275
The Medical Center at Princeton, New Jersey Obligated Group	58,185	59,815
Rahway Hospital Obligated Group	20,890	22,690
JFK Medical Center/Hartwyck at Oak Tree Obligated Group	45,710	46,970
Saint Barnabas Medical Center/West Hudson Hospital Obligated Group (currently parts of Saint Barnabas Health Care System)	53,750	56,745
CentraState Medical Center Obligated Group	52,965	54,290
Virtua Health, Inc.	119,165	126,065
Saint Barnabas Health Care System	576,863	580,107
Catholic Health East	107,395	109,130
Meridian Health System Obligated Group	324,975	330,270
RWJ Health Care Corp. at Hamilton, Obligated Group	125,635	30,780
Trinitas Hospital Obligated Group	79,280	80,220
The Society of the Valley Hospital Obligated Group	37,140	38,570
The House of the Good Shepherd	19,075	19,450
Bayshore Community Hospital	46,645	47,705
Atlantic City Medical Center	107,595	110,455
St. Clare's Hospital	100,210	64,575
Underwood Memorial Hospital	63,725	104,000
Total loans receivable	<u>4,547,444</u>	<u>4,450,792</u>
Total mortgages and loans receivable	5,050,775	4,972,421
Less cash and investments held by trustees	851,090	714,166
Net mortgages and loans receivable	<u>\$4,199,685</u>	<u>\$4,258,255</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, 2005 and 2004 Capital Asset Program notes receivable were:

	2005	2004
	<i>(\$000)</i>	
Bayshore Community Hospital	\$ 1,009	\$ 1,513
Matheny School	798	1,002
Community Medical Center (currently a part of Saint Barnabas Health Care System)	887	1,061
Shore Rehabilitation Institute		370
Jewish Federation of Southern New Jersey	103	245
Visiting Nurses Association of Central Jersey	637	743
Somerset Medical Center	20,874	21,374
Underwood Memorial Hospital	1,756	2,422
FOCUS-Hispanic Center for Community Development		96
New Jersey Organ and Tissue Sharing Network	1,445	1,629
Atlantic City Medical Center	5,283	6,283
P.G. Chambers School (formerly Children's Center for Therapy and Learning, Inc.)	1,411	1,476
Saint Barnabas Corporation-Mega Care, Inc.	12,349	13,830
Cerebral Palsey Center, Bergen County, NJ	1,434	
AtlantiCare Regional Medical Center	23,437	
Total Capital Asset Program notes receivable	71,423	52,044
Less cash and investments held by trustee	42	42
Net Capital Asset Program notes receivable	\$71,381	\$52,002

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, 2005, there was one equipment revenue note receivable for Barnert Hospital in the amount of \$3,554,624 less cash and investments held by the trustee of \$342,255 leaving a net equipment revenue note receivable of \$3,212,369. 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.

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 a portion of the improvements. The sublease was also entered into on December 18, 2003. On September 8, 2005, the Authority completed a second issue of lease revenue bonds in the amount of \$186,565,000 to construct a new 450 bed replacement facility, including administrative, program and support functions, renovate existing support space and existing patient residential cottages that will house an additional 60 patients. 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 moneys 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, 2005 and 2004 are:

	2005	2004
	<i>(\$000)</i>	
Cash and cash equivalents:		
Money Market Funds (which includes New Jersey Cash Management Fund)	\$758,200	\$539,609
Investments:		
Investment agreements:		
Collateralized	52,632	70,876
Uncollateralized	3,805	
U.S. Treasury and Agency obligations	164,081	249,725
Total cash, cash equivalents and investments	\$978,718	\$860,210

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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds				
Public issues:				
Lutheran Home at Moorestown, Series A	2019	8.20-8.40	*	\$ 3,320
The Society of the Valley Hospital, Series C	2014	6.00-6.625	\$ 17,245	19,555
Hunterdon Medical Center, Series A	2020	7.00	9,500	9,860
East Orange General Hospital, Series B	2020	7.75	9,605	10,555
Burdette Tomlin Memorial Hospital, Series D	2021	6.25-6.50	3,185	4,895
Columbus Hospital, Series A	2021	7.50	27,450	28,350
Spectrum for Living, Series B	2022	6.50	2,165	2,255
JFK Health Systems Obligated Group, Series 1993	2023	5.10-5.50	13,360	13,885
Deborah Heart and Lung Center, Series 1993	2023	6.20-6.30	25,810	26,600
Southern Ocean County Hospital, Series A	2023	6.125-6.25	20,800	21,500

*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	
			2005	2004
(\$000)				
Revenue bonds (continued)				
Public issues (continued):				
Saint Peter's Medical Center, Series F (currently Saint Peter's University Hospital)	2021	4.70-5.00	\$ 45,255	\$ 47,475
Chilton Memorial Hospital, Series D	2013	4.80-5.00	22,250	24,470
Shore Memorial Health Care System, Series 1993	2012	4.875-5.00	12,380	14,490
Somerset Medical Center, Series A	2024	4.50-5.20	29,135	30,040
Raritan Bay Medical Center, Series 1994	2027	7.25	50,400	53,200
Jersey Shore Medical Center, Series 1994 (currently a part of Meridian Health System, Inc.)	2024	5.70-6.75	28,620	29,340
Bayonne Hospital Obligated Group, Series 1994	2012	6.30-6.40	12,950	15,600
JFK Health Systems Obligated Group, Series 1995	2025	5.125-5.70	22,500	26,070
Warren Hospital Obligated Group, Series 1995	2018	5.50-5.875	9,590	10,085
Kennedy Health Facilities, Inc., Series 1995	2025	5.80-5.90	3,665	3,770
Robert Wood Johnson University Hospital, Series C	2010	5.00-5.75	13,735	16,095
St. Joseph's Hospital and Medical Center Obligated Group, Series 1996A	2026	5.15-6.00	65,845	71,230
St. Joseph's Hospital and Medical Center Obligated Group, Series 1996B	2011	7.70	2,410	2,720
St. Elizabeth Hospital Obligated Group, Series 1997 (currently Trinitas Hospital)	2027	5.55-6.00	53,025	54,195
Care Institute, Inc. - Cherry Hill, Series 1996	2027	7.75-8.00	14,965	15,220
Holy Name Hospital, Series 1997	2025	5.00-6.00	57,315	58,920
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	12,985	13,295
AHS Hospital Corporation, Series 1997 A	2027	5.00-6.00	97,600	101,080
Newton Memorial Hospital, Series 1997	2019	4.65-5.00	15,540	16,305
Kennedy Health System Obligated Group, Series 1997 A	2027	4.70-5.20	14,950	15,425

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	
			2005	2004
Revenue bonds (continued)			<i>(\$000)</i>	
Public issues (continued):				
Southern Ocean County Hospital, Series 1997 Capital Health System Obligated Group, Series 1997	2027	4.50-5.00	\$ 12,105	\$ 12,410
Christian Health Care Center, Series 1997 A	2018	5.00-5.25	42,860	44,745
Christian Health Care Center, Series 1997 B	2028	5.05-5.50	14,480	15,245
		Weekly Variable Rate	9,300	9,500
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	4.25-5.50	59,085	64,275
Cathedral Health Services, Inc., Series 1998	2021	4.60-5.50	61,790	64,580
Kennedy Health System Obligated Group, Series 1997 B	2015	5.00-5.75	21,175	24,330
The Medical Center at Princeton, New Jersey Obligated Group, Series 1998	2028	4.50-5.125	58,185	59,815
Rahway Hospital Obligated Group, Series 1998	2014	5.00-5.125	20,890	22,690
Hackensack University Medical Center, Series 1998	2028	4.30-5.375	145,135	147,830
JFK Medical Center/Hartwyck at Oak Tree Obligated Group, Series 1998	2025	4.40-5.00	45,710	46,970
Saint Barnabas Medical Center/West Hudson Hospital Obligated Group, Series 1998A (currently parts of Saint Barnabas Health Care System)	2028	4.40-5.25	53,750	56,745
Christian Health Care Center, Series 1998 A-3	2018	Weekly Variable Rate	700	700
Holy Name Hospital, Series 1998 A-4	2018	Weekly Variable Rate	6,400	6,700

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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	
			2005	2004
Revenue bonds (continued)			(\$000)	
Public issues (continued):				
United Methodist Homes of NJ Foundation, Inc., Series 1998 A-6	2007	Weekly Variable Rate	\$ 1,000	\$ 1,500
CentraState Medical Center Obligated Group, Series 1998	2028	4.05-4.65	52,965	54,290
Pascack Valley Hospital Association, Series 1998	2028	4.55-5.125	33,375	34,150
Virtua Health Inc., Series 1998	2028	4.20-5.25	119,165	126,065
Saint Barnabas Health Care System, Series 1998B	2028	0.00-5.25	456,763	458,407
Catholic Health East, Series 1998E	2029	4.10-5.25	60,690	61,930
Barnert Hospital, Series 1999	2025	4.00-5.00	28,115	29,015
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	9.75	280	385
Burdette Tomlin Memorial Hospital, Series 1999	2029	4.95-5.60	24,185	24,185
Meridian Health System Obligated Group, Series 1999	2029	4.625-5.625	224,975	230,270
Holland Christian Home Association, Series 1999A-2	2019	Weekly Variable Rate	3,300	3,500
St. Mary's Hospital, Passaic, New Jersey, Series 1999A-4	2019	Weekly Variable Rate	7,800	8,200
Trinitas Hospital Obligated Group, Series 2000	2030	6.25-7.50	79,280	80,220
Hackensack University Medical Center, Series 2000	2034	5.35-6.125	83,190	84,290
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
Muhlenberg Regional Medical Center, Series 2000	2018	4.60-5.50	21,020	22,160
The Society of the Valley Hospital Obligated Group, Series 2000	2031	4.60-5.75	37,140	38,570

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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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds (continued)				
Public issues (continued):				
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	Weekly Variable Rate	29,280	29,280
Saint Peter's University Hospital Obligated Group, Series 2000C	2030	Weekly Variable Rate	5,720	5,720
Southern Ocean County Hospital, Series 2001	2031	4.00-5.125	24,435	24,915
The House Of The Good Shepherd Obl. Grp., Series 2001	2031	3.85-5.20	19,075	19,450
Jersey City Medical Center, Series 2001	2041	3.35-5.00	192,490	199,500
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 Variable Rate	34,400	34,400
St. Barnabas Health Care System, Series 2001B	2031	Auction Rate	73,625	75,225
Newton Memorial Hospital, Series 2001	2026	3.10-5.25	13,745	14,175
Meridian Hospital Corp., Series 2001 A-1	2006	Weekly Variable Rate	9,500	10,900
Holy Name Hospital, Series 2001 A-2	2006	Weekly Variable Rate	2,300	3,000
Bayshore Community Hospital, Series 2002	2032	3.30-5.125	46,645	47,705
Atlantic City Medical Center, Series 2002	2025	4.375-6.25	107,595	110,455
Palisades Medical Center of NY Presbyterian Health Care System Obl. Grp., Series 2002	2031	4.90-6.625	13,790	14,470
South Jersey Hospital, Series 2002	2032	4.375-6.00	165,480	168,035
RWJ Health Corp. at Hamilton, Series 2002	2032	Weekly Variable Rate	29,960	30,780
Wiley Mission Project, Series 2002	2029	Weekly Variable Rate	13,425	13,770
Englewood Hospital and Medical Center, Series 2002	2031	2.80-5.25	98,855	99,955
Catholic Health East, Series 2003A	2033	2.40-5.375	46,705	47,200

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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds (continued)				
Public issues (continued):				
Meridian Health System Obligated Group, Series 2003A	2033	Weekly Variable Rate	\$ 60,000	\$ 60,000
Meridian Health System Obligated Group, Series 2003B	2033	Weekly Variable Rate	40,000	40,000
Pascack Valley Hospital Association, Series 2003	2036	6.00-6.625	50,675	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 Variable Rate	18,200	19,100
The Matheny School and Hospital Inc., Series 2003 A-2	2023	Weekly Variable Rate	3,300	3,400
Robert Wood Johnson University Hospital, Inc., Series 2003 A-3	2023	Weekly Variable Rate	23,200	24,100
St. Francis Medical Center, Series 2003 A-5	2018	Weekly Variable Rate	2,700	2,900
St. Joseph's Wayne Hospital, Inc., Series 2003 A-6	2018	Weekly Variable Rate	5,700	6,100
Virtua Health Inc., Series 2003 A-7	2018	Weekly Variable Rate	9,800	10,400
Shore Memorial Health Care System, Obligated Group, Series 2003	2023	3.00-5.00	29,790	30,905
Rahway Hospital, Series 2003 A-8	2023	Weekly Variable Rate	11,000	11,000
AHS Hospital Corporation, Series 2003	2025	Auction Rate	68,200	71,225
Capital Health System Obligated Group, Series 2003 A	2033	4.00-5.75	98,465	100,755
Capital Health System Obligated Group, Series 2003 B	2033	Weekly Variable Rate	29,800	29,900

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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds (continued)				
Public issues (continued):				
Jersey City Medical Center, Series 2003	2030	2.00-4.80	\$ 16,145	\$ 16,440
Greystone Park Psychiatric Hospital Project, Series 2003	2025	2.00-5.00	19,125	19,125
Underwood Memorial Hospital, Series 2004	2033	Auction Rate	63,725	64,575
Hackensack University Medical Center, Series 2004	2036	Auction Rate	150,000	150,000
AHS Hospital Corp, Series 2004	2016	Auction Rate	24,975	26,300
Bayshore Community Hospital, Series 2004	2014	Weekly Variable Rate	7,300	8,000
Beth Israel Hospital Association of Passaic, Series 2004	2014	Weekly Variable Rate	12,175	13,300
Meridian Nursing and Rehab, Series 2004	2035	Weekly Variable Rate	14,725	14,725
South Jersey Hospital, Inc., Series 2004	2034	Weekly Variable Rate	14,755	15,075
Robert Wood Johnson Univ. Hospital, Series 2004	2029	Weekly Variable Rate	49,045	50,000
St. Clare's Hospital, Series 2004A	2025	4.25-5.25	59,000	59,000
St. Clare's Hospital, Series 2004B	2015	2.5-5.25	41,210	45,000
Virtua Health, Series 2004	2033	Weekly Variable Rate	60,000	60,000
Recovery Management Sys, Inc. Series 2005	2030	Weekly Variable Rate	13,860	
The Avalon at Hillsborough, Series 2005A	2035	6.15-6.625	10,880	
RWJ Health Care Corp. @ Hamilton, Series 2005A	2024	Auction Rate	30,300	
RWJ Health Care Corp. @ Hamilton, Series 2005 B	2035	3.00-5.00	65,375	
Greystone Park Psychiatric Hospital Project, Series 2005	2028	3.5-5.0	186,565	
Children's Specialized Hospital, Proj., Series 2005 A	2036	4.00-5.50	32,895	
Children's Specialized Hospital, Proj., Series 2005 B	2036	Weekly Variable Rate	24,000	

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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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds (continued)				
Public issues (continued):				
AtlantiCare Regional Med. Ctr., Series 2005 A-1	2030	Weekly Variable Rate	\$ 25,000	
Christian Health Care Center, Series 2005 A-2	2035	Weekly Variable Rate	6,600	
The Community Hospital Group, (t/a JFK), Series A-3	2030	Weekly Variable Rate	18,000	
Total public issues			5,184,328	4,906,712
Private placements:				
William B. Kessler Memorial Hospital, Series A	2005	78% of index rate		234
St. Ann's Home for the Aged, Series 1996	2011	3.40%	7,421	7,679
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	7,230	7,432
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	9,090	9,396
			12,903	13,213

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	
			2005	2004
<i>(\$000)</i>				
Revenue bonds (continued)				
Private placements (continued):				
Hartwyck West Nursing Home Series 2001	2008	5.65	\$ 679	\$ 894
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	13,843	14,175
Cathedral Health Services, Inc. Series 2002A	2008	4.69	1,438	1,933
Cathedral Health Services, Inc. Series 2002B	2008	4.69	3,766	5,061
Cathedral Health Services, Inc. Series 2002C	2017	5.85	3,892	4,118
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	10,700	20,700
The Avalon at Hillsborough, Series 2005 B	2014	9.00%	1,175	
Total private placements			72,137	84,835
Capital Asset Program:				
Capital Asset Program, Series A, B, C, D	2035	Variable rate	100,000	100,000
Total Capital Asset Program			100,000	100,000
Equipment revenue notes:				
Barnert Hospital, Series 2003	2009	4.77	3,555	4,600
Total revenue bonds			\$5,360,020	\$5,096,147

New Jersey Health Care Facilities
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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:

	Principal	Interest	Total
	<i>(\$000)</i>		
2006	\$ 136,799	\$ 219,203	\$ 356,002
2007	142,395	218,114	360,509
2008	161,516	210,090	371,606
2009	163,363	202,201	365,564
2010	166,892	181,184	348,076
Thereafter	4,589,055	2,212,679	6,801,734
	\$5,360,020	\$3,243,471	\$8,603,491

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, 2005, 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, 2005 and 2004, by issue, is as follows:

	Due in Varying Installments Ending	Range of Annual Interest Rate Percentages	Amount Outstanding December 31	
			2005	2004
(\$000)				
Defeased public issues:				
Community Hospital Group, Inc., Series A	2005	5.80		\$ 440
Shore Memorial Hospital, Series A Community Memorial Hospital Association (Toms River), Series A (currently Community Medical Center, a part of Saint Barnabas Health Care System)	2006	8.90	\$ 575	965
The Overlook Hospital Association, Series C (currently a part of AHS Hospital Corporation)	2009	6.75	3,500	4,235
Hackensack Hospital, Series A (currently Hackensack University Medical Center)	2011	6.90	7,190	8,135
	2009	8.75	6,490	8,115

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	
			2005	2004
			(\$000)	
Defeased public issues (continued):				
Mercer Medical Center, Series B (currently a part of Capital Health System)	2008	7.00	\$ 3,195	\$ 4,150
Monmouth Medical Center, Series A (currently a part of Saint Barnabas Health Care System)	2009	6.70	2,950	3,685
Our Lady of Lourdes, Series A (currently a part of Catholic Health East)	2006	8.625	410	820
St. Francis Hospital, Series A (currently a part of Bon Secours New Jersey Health System, Inc.)	2012	8.00	9,665	10,675
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	4,630	5,405
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	870	1,265
Point Pleasant Hospital, Series A (currently a part of Meridian Health System, Inc.)	2010	7.30	3,950	4,595
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	54,795	57,195
Allegany Health-Our Lady of Lourdes, Series 1993 (currently a part of Catholic Health East)				
	2018	4.70-5.20	34,060	35,860
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	3,350	6,475
Riverview Medical Center, Series 1994 (currently a part of Meridian Health System, Inc.)	2011	5.50-6.25	16,350	18,600

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	
			2005	2004
(\$000)				
Defeased public issues (continued):				
St. Mary Hospital, Series 1993 (currently a part of Bon Secours and Canterbury Partnership for Care)	2012	5.875	\$ 14,470	\$ 16,105
Bayshore Community Hospital, Series 1989 A&B	2009	0.00	1,245	1,613
New Seasons of Mt. Arlington Assisted Living Project, Series 2000B	2010	10.75	735	845
Saint Clare's Hospital, inc., Series 2003 A-4	2005	Weekly or Term Rate		14,600
Lutheran Home, Series A	2006	8.20-8.40	3,200	
Total defeased public issues			<u>186,500</u>	287,803
Defeased private placements:				
Burdette Tomlin Memorial Hospital, Series A	2005	7.25		310
Saint Peter's Medical Center, Series A (currently Saint Peter's University Hospital)	2009	7.125	599	745
St. Elizabeth Hospital, Series A (currently Trinitas Hospital)	2009	6.00	6,000	6,000
Christian Health Care Center, Series C	2006	8.75	12,745	13,265
Total defeased private placements			<u>19,344</u>	20,320
Total defeased issues			<u>\$ 205,844</u>	\$ 308,123