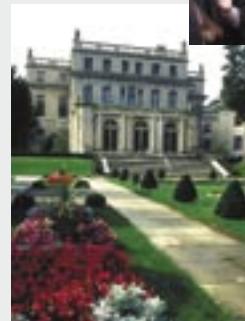


NJEF NJEF NJEF **NJEF** building futures



**ANNUAL
REPORT
2004**





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MESSAGE FROM THE GOVERNOR



Message from the Governor

Higher education is essential for the continued prosperity and high quality of life of New Jersey and its citizens. Our ability to sustain our way of life in the Garden State and to thrive in a global economy is directly related to the number, quality and capacity of the graduates of our institutions of higher education. The investments we make in our colleges and universities today will determine their ability to educate our people and advance future generations of New Jerseyans.

More than at any other time in our history, our institutions are providing access and opportunity for academic pursuit to record numbers of students from every walk of life. Today, thanks in large part to the vision and fortitude of our institutions, students have the opportunity to study at New Jersey's world-class colleges and universities and to participate in groundbreaking research and development in cutting-edge disciplines that will no doubt change the world as we know it. Our institutions and the thousands of students they graduate each year are keeping New Jersey at the forefront of such emerging fields as nanotechnology and communications technologies, research and development in stem cell regeneration and other bio-engineering sciences, to name just a few.

Through my years as a public servant, I have come to know the people of New Jersey as hard working, resourceful, and enterprising. These are formidable characteristics, and our citizens deserve

no less in our state government. My administration has strived at every opportunity to meet these standards and more.

NJEFA stands apart as an example of these characteristics as it continued in 2004 to find new and innovative ways to help our colleges and universities finance academic buildings, state-of-the-art science and research laboratories, dormitories, libraries and other campus infrastructure and facilities necessary to meet growing student populations and evolving disciplines of academic study.

New Jersey has a long and rich history of innovation and invention that has benefited our citizenry and indeed, the world. One need only to think of the great works of such famed New Jerseyans as Thomas Edison and Albert Einstein to be reminded of the greatness of human potential and the truism that our people are our greatest asset.

Every bond sold by NJEFA has helped build and preserve the treasures that are our colleges and universities, and every one of its financings has expanded our investment in opportunity for our people.

I thank the NJEFA, its Members and staff for their hard work and continued success, and I applaud our institutions of higher education for their tireless pursuit of academic excellence and opportunity from which we all benefit.

Richard J. Codey
Acting Governor, State of New Jersey

TO THE GOVERNOR AND MEMBERS OF THE LEGISLATURE

To the Governor and Members of the New Jersey Legislature

We proudly present the 2004 Annual Report of the New Jersey Educational Facilities Authority, detailing NJEFA's 38th year of providing low-cost financing to our State's colleges and universities for the preservation, modernization and expansion of their campus facilities.

Within the pages of this report you will find the details of our financing activity during the year. We completed almost \$650 million in financing for new campus capital projects and refundings. The amount of bonds we issued during the year was the third highest in our history and brought the total financing by the Authority, since its inception, to \$7.4 billion. Remarkably, nearly 50 percent of that total has been issued in just the past five years.

As notable as the growth has been in NJEFA's business in recent years, we know that the demand for low-cost financing for campus improvements is part of a national trend. Higher education's share of the tax-exempt bond market has doubled over the past 10 years. Both in New Jersey and nationally, most of the borrowing has been for new capital investment. This financing reflects the need to accommodate growing student populations, to invest in aging buildings and facilities and to modernize campuses in order to provide technologically sophisticated environments for teaching and learning.

If our bonds are the immediate goals

of our efforts, the projects we finance are our intermediate objectives, and this report proudly showcases some of the buildings and facilities that have come, and will come, to fruition on college campuses across the State as a result of NJEFA bonds.

The ultimate goals of both the Authority and our clients are the education of their students. Therefore, this report also describes recent studies that articulate the benefits of higher education both to students and to society. These benefits remind us of the results of our collective efforts and of public investment in higher education.

We are all stakeholders in the ability of our colleges and universities to fulfill their academic missions. Their success depends on our commitment to invest not only in the students, but also in the classrooms, laboratories, residence halls, athletic facilities and libraries that play host to the students' dreams and produce our chance for a better future. The payoff is a highly skilled, well-trained and educated workforce that will keep New Jersey on the forefront of progress and prosperity. Last year's installment on that investment, according to the Commission on Higher Education, was that more than 60,000 people received degrees and certificates from New Jersey's institutions of higher education.

As we continue to pursue new and better ways to serve our college and



university clients, we know full well that our success this past year would not have been possible without our dedicated and competent staff, or the Members of the Authority who, by volunteering their time and talents, have contributed to improving higher education in New Jersey.

We thank them, and we thank you, Governor Codey and the members of the New Jersey Legislature, for your support of NJEFA's mission to partner with the State's colleges and universities for a better future.

Sincerely,

Vivian Altman, Chair

Roger L. Anderson,
Executive Director



Partnering with Higher Education

Higher education is essential to a healthy, prosperous and progressive society. For 38 years, the New Jersey Educational Facilities Authority (NJEFA) has been a critical partner with New Jersey's public and private higher education institutions in financing campus facility and infrastructure investments that enable these institutions to fulfill their vital roles in society.

Studies document that the more education people receive, the more they and society benefit. People with higher education generally earn greater incomes and thereby contribute more in public revenue to support general societal objectives. They are also more likely to enjoy good health, less likely to violate the law, less likely to be reliant on public assistance and far more likely to be net contributors to society. Every dollar invested in higher education is a dollar that returns these societal dividends as well as enhances the careers and quality of

lives of the students. So every dollar that NJEFA raises to meet the capital needs of New Jersey's institutions of higher education is an investment not only in the institutions and the students they serve, but also in the future of the State of New Jersey and all its citizens.

The work of the NJEFA in 2004 once again helped to meet a growing need to accommodate more students in our colleges and universities. This need focuses a spotlight on the importance of providing expanded campus facilities and infrastructure to keep college, university and graduate education moving forward in New Jersey. NJEFA's activity was consistent with a national trend in which higher education financing is a steadily expanding part of municipal finance. That growing share of the municipal finance market reflects the expanding need, backed by confidence in higher education—a sector with a record of creditworthy fiscal performance and repayment.

Pictured above are: the Dining Hall at Princeton Theological Seminary and The Christos M. Cotsakos College of Business at William Paterson University. At right is a computer laboratory at Centenary College.

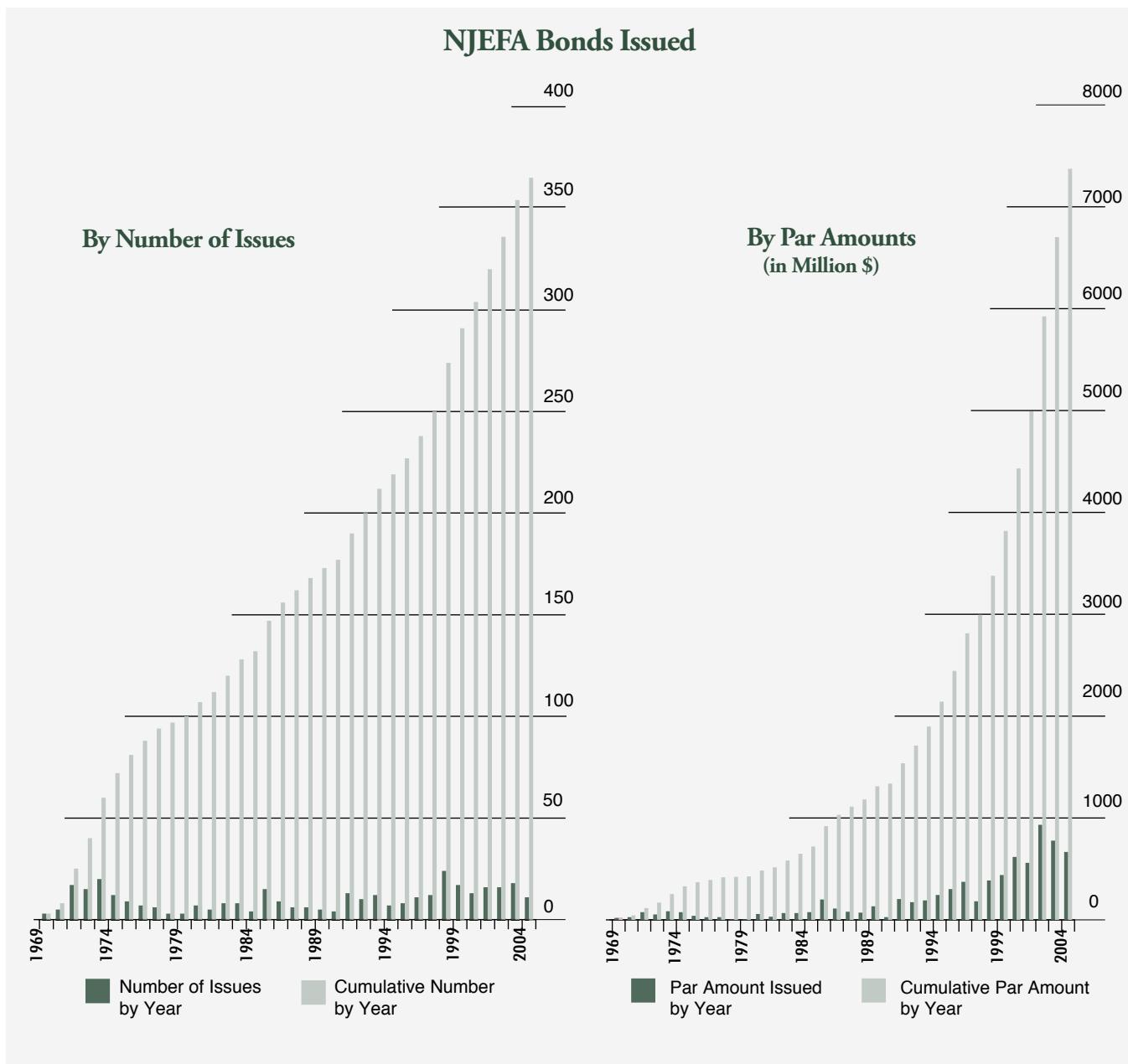


Overview of Financing

NJEFA's clients include all of the State's 31 public and private colleges and universities, its 19 county colleges and many of the State's public libraries. During 2004, NJEFA issued \$647.3 million bonds in 11 transactions.

The year's activity raised the total number of transactions performed by the Authority since its establishment in 1966 to 364, representing total financing of \$7.4 billion, of which approximately \$4 billion was outstanding at the end of

2004. NJEFA has issued nearly half of its total volume of bonds (45.7%) in the five years from 2000 through 2004 and continued its perfect record of zero defaults.





New Jersey Higher Education: An Expanding Universe

In the 2003-2004 academic year, the entire New Jersey higher education system enrolled 375,000 students. A 2001 report from the New Jersey Commission on Higher Education, the most recent comprehensive study, predicted there would be at least 24,000 more high school graduates in 2008 than in 1996. It projected at least 6,770 more freshmen in New Jersey colleges in 2008 than enrolled in 2001 and a total increase in that period of some 22,000 students attending higher education institutions in the State. The report also said that the total increase in New Jersey high school graduates attending college in-state could be as high as 37,000 extra students by 2008.

Historically, a large number of New Jersey's high school graduates have gone to college in other states. In fact, New Jersey ranks 45th out of the 50 states in the percentage of high school graduates attending college in-state. The Commission on Higher Education set a goal for higher in-state enrollment in its *Long Range Plan for Higher Education – A Blue Print for Excellence*. The plan recommends increasing in-state enrollment through 2010 by 3,400 full- and part-time undergraduate and graduate students each academic year to achieve enrollment expansion by up to 50,000 additional students. This would enable New Jersey to surpass the national average of 47 percent of high school graduates who attend

college in their home states. Other goals of the plan are to increase New Jersey's ranking from 20th to 15th for federal research dollars and to develop an annual capital program for the regular renewal and replacement of facilities at the public institutions in New Jersey.

Other evidence of the mounting demand for in-state places in higher education comes from a report by the Chronicle of Higher Education. It projects a 6 percent increase in the number of high school graduates in New Jersey from the 2004/2005 school year through the 2014/2015 school year. With a high school drop out rate of only 5 percent, New Jersey has the second highest rate of graduation of high school students in the nation.

Expanding demand for in-state enrollment is pressuring schools to expand their campus facilities and infrastructure to accommodate more students. A study issued in 2003 by the Commission on Higher Education identified \$6 billion in capital needs at New Jersey's public and private institutions of higher learning through the end of the decade. The convergence of sharply rising in-state demand for places in New Jersey's colleges and universities combined with currently identified capital investment needs has created greater and greater demand for low-cost financing for higher education. The Authority in 2004 again served this ever-growing demand.



Shown above are two views of the Social Sciences Building Atrium at The College of New Jersey. At left is The Berrie Center at Ramapo College of New Jersey.

Pictured below is Brothers College Clock Tower at Drew University.

Financing the Need

The 2004 transactions were all issued with low, tax-exempt fixed rates of interest. Ten of 2004's transactions, totaling \$570.5 million, were issued on behalf of individual institutions, and are repayable from revenues the Authority receives from such institutions. Of this, \$332.2 million was issued on behalf of five public institutions and \$238.3 million was issued for four private colleges and universities. These 10 transactions provided financing to the following institutions:

- Fairleigh Dickinson University:
\$35.3 million
- Montclair State University:
\$94.5 million
- New Jersey Institute of Technology:
\$73.5 million
- Princeton University: \$175 million
- Ramapo College of New Jersey:
\$72.9 million (two transactions)
- Rider University: \$14.7 million
- Rowan University: \$61.3 million
- Stevens Institute of Technology:
\$13.3 million
- The William Paterson University of
New Jersey: \$30 million

The remaining transaction during 2004 was a \$76.7 million bond issue under the Higher Education Capital Improvement Fund Program (CIF). CIF is a partial grant, pooled financing program, and the repayment of CIF bonds is backed by the State. Funds from this issue benefited three public and four private institutions.

Looked at another way, \$462 million of the Authority's 2004 issuance activity financed new projects, while \$185 million was issued in refunding transactions that generated net present value savings of approximately \$12 million for the four participating institutions, representing a dividend for them on past investments.





Financing the Need

The \$462 million in new money borrowing is being used for, among other things:

- Five new student residences and renovation of eight existing student residences
- Four new academic buildings and renovation of four other academic structures
- One new student life and recreation facility and renovation of a second

- One new athletic facility and renovation of two others
- A new library
- One new and expansion of two existing campus parking facilities
- Purchase of equipment at two schools
- Land acquisition by one institution
- Nine infrastructure and major maintenance projects

*Shown above are the E*Trade Financial Learning Center at William Paterson University and Campbell Library at Rowan University; below is a new townhouse complex at Rowan University.*



NJEFA: Mirroring the Increasing Municipal Market Share of Higher Education

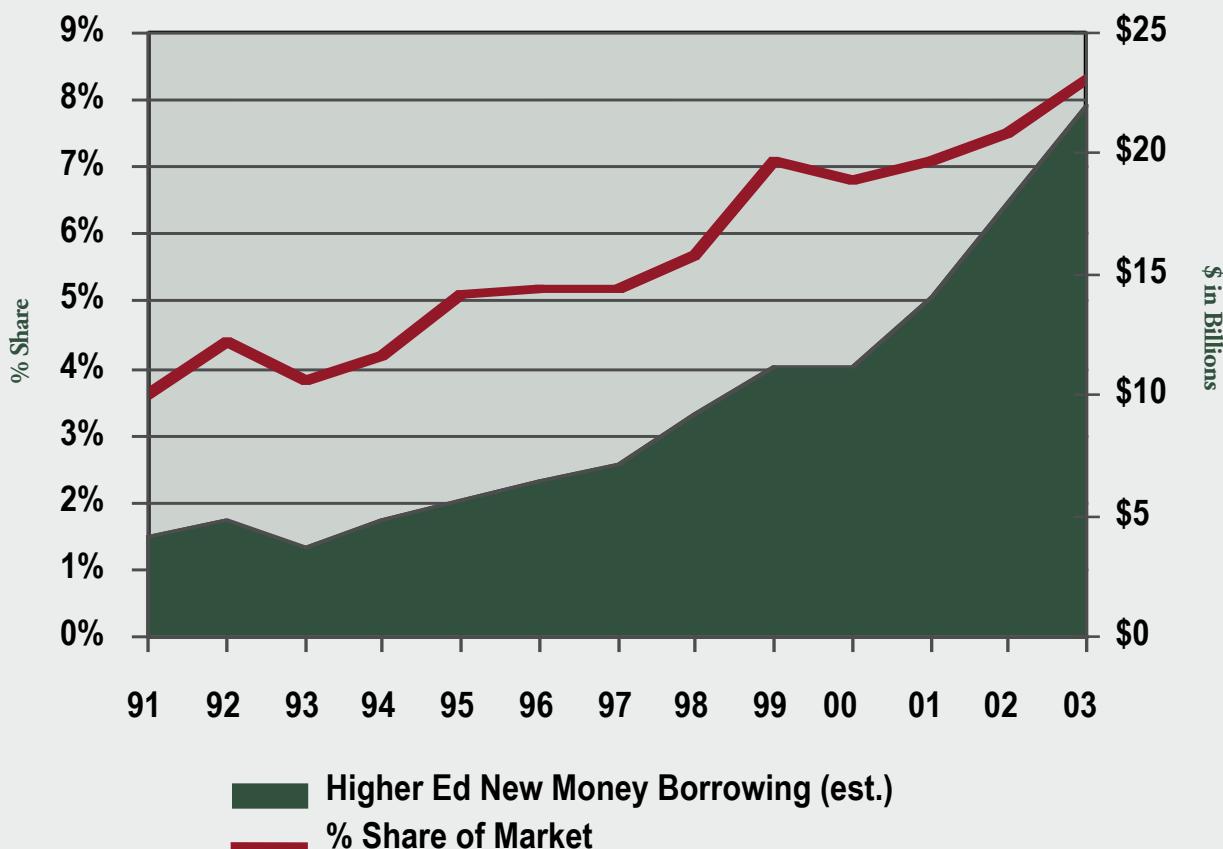
Higher education financing constitutes a rapidly growing market share of the municipal finance sector. From 1991 to 2003, financing for higher education rose from less than 4% of the municipal sector to more than 8%, with a dollar volume increase nationwide of about \$4.5 billion in new money issues to more than

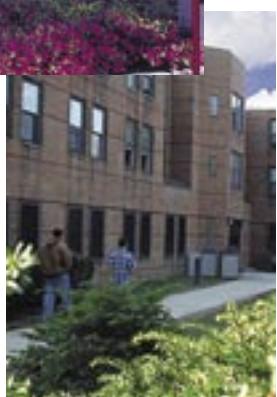
\$20 billion in 2003. In the period from 2003 through 2004, the total volume in higher education financing nationwide totaled more than \$1.2 billion, of which two-thirds was for new money issues with the remaining \$400 million being used for refinancings. In 2004 nationally, 85% of all higher education tax-exempt financing

was used to finance new projects.

These proportions reflect the experience of NJEFA during comparable periods. Mirroring national trends, NJEFA's new money issues constituted 68% of 2004 financing and 61% of all financing by the Authority in the two-year period from 2003 through 2004.

Dollar Volume of Bonds Issued & Market Share 1991 - 2003





Shown above are Vaughn-Eames Plaza at Kean University and the Co-op Dormitory at New Jersey City University. The Greenhouse at the College of Saint Elizabeth is shown below.



Expanded Client Services

In addition to helping its clients access low-cost, tax-exempt capital, NJEFA provides additional services, which have expanded in recent years to include escrow restructurings, investor relations, continuing education, outreach and advocacy for changes in public policy.

The Authority's escrow restructuring program is a good example of such additional services. When bonds are issued to refund older bonds, the proceeds are placed into escrow funds until they can be used to redeem the refunded bonds at their call dates. The escrow funds are usually invested in special U.S. Treasury State and Local Government Series securities (SLGS). The escrow restructuring program is used when the average interest rate on the escrow fund is lower than what is allowed by tax law. In periods of market volatility, the Authority has been able to replace the original SLGS in an escrow fund with higher yielding SLGS, increasing the interest earnings of the escrow fund and allowing some monies to be taken out of the escrow fund and returned to the college for which the refunding bonds were issued. Last year the Authority was able to release approximately \$310,000 to Princeton Theological Seminary and \$637,000 to Ramapo College of New Jersey.

During 2004, NJEFA conducted its third continuing education seminar: *Derivatives 302 – Quantitative Aspects of Swaps and Post Closing 302 – Borrower Obligations*. More than 100 people attended, most of whom were finance officers from the State's colleges and universities and/or involved in higher education finance in New Jersey. The event provided guidance on assessing the value of derivative proposals and helped NJEFA clients understand their on-going obligations, including tax compliance and continuing disclosure requirements. Seminar participants received an additional benefit. For the first time, NJEFA was approved as a sponsor for CPA/CPE credits by the New Jersey State Board of Accountancy and for CLE credits in Pennsylvania.

As part of NJEFA's outreach initiatives, the Authority continued to hold some of its Board meetings on clients' campuses, enabling NJEFA members and staff to see both developing and completed projects funded through Authority financings. In 2004 NJEFA's seven-member board met at New Jersey City University, Georgian Court University, the New Jersey Institute of Technology and Fairleigh Dickinson University.

The Authority also continued to meet directly with individual client's trustees to help them understand new developments in the financial marketplace. Other post-closing services provided by the NJEFA include monitoring the market for refunding opportunities, management of investment and reinvestment of bond funds, and monitoring various investment vehicles for greater investment returns within the necessary strictures of safety and liquidity.

Shown here is historic Kingscote House at Georgian Court University.



Higher Education Yields a Stronger Society

Each year, New Jersey's higher education institutions graduate thousands of students. Whether these graduates go directly into careers or pursue further education, their learning achievements have improved not only the quality of their own lives, but, as several national studies suggest, the society they enter is significantly improved as well by their collective academic accomplishments.

Education Pays 2004, a study by The College Board, reported these key findings:

Higher education generally produces higher individual earnings, which result in higher federal, state and local tax payments. On average, a college graduate will earn 1.73 times in a lifetime the amount that a high school graduate will earn. A person with a doctorate will earn 2.65 times and a person with a professional degree can expect to earn 3.36 times the lifetime earnings of someone who did not go beyond high school.

The correlation between higher levels of education and higher earnings holds true for all major racial and ethnic groups and for both men and women.

By the age of 33, the typical college graduate who enrolled at age 18 in higher education has earned enough to compensate for both tuition and fees at the average four-year public institution and to compensate for the income forgone during the person's college career.

Higher education means less poverty. Unemployment rates for high school graduates are measurably higher than for those with higher education, and

poverty rates for college graduates across all demographics are about one third of the rates for high school graduates.

College graduates are more likely to perceive themselves as healthy than are other adults. At an income level of \$55,000 to \$80,000 per year, 67% of high school graduates say they are in excellent or very good health, compared to 80% of those with a college degree or higher.

Similarly, people in every age group who have a college or higher degree report better health than those lacking higher education. In the 55-to-64 year age group, for example, just 47% of high school graduates said they are in excellent or very good health compared to 71% of higher education graduates.

Another health indicator is that people with a college degree or higher are less likely than the rest of the population to smoke. 28% of those who went no further than high school smoke, compared to just 14% of college graduates.

There is less likelihood that a college graduate will become a lawbreaker.

Among high school graduates, the percentage incarcerated was 1.9% compared to just 0.1% among college graduates. Parenthetically, the College Board's report noted that it costs about \$26,000 a year to keep a person in jail. In contrast, public 4-year colleges spend on average about \$25,000 per student each year.

People with a college degree or higher are more likely to volunteer in their communities and they

volunteer longer hours, with 45.6% giving an average of 80 hours per year compared to just 22% of high school graduates who give an average of 48 hours a year in volunteer activity.

College graduates are also more likely than other adults to donate blood.

Finally, college graduates take a more active part in our democracy. In the 2000 presidential election, 74% of voters who were college graduates between the ages of 25 and 44 reported voting, compared to just 45% of high school graduates. Among those aged 60 to 74, college graduate voting achieved 86%, compared to 72% for high school graduates.

A similar review by the Institute for Higher Education Policy entitled: *The Investment Payoff – A 50-State Analysis of the Public and Private Benefits of Higher Education* reported comparable findings. It found that New Jersey, at 23.1%, ranks second behind only Connecticut in the percentage of the population older than age 25 with a college degree. It also found that in New Jersey the average total personal income of college graduates over age 25 is 80%, or almost \$25,000, greater per year than that of a high school graduate – over \$54,000 compared to just under \$30,000. Similar findings were reported for the nation.

This report found the rate of enrollment in public assistance programs like welfare and government sponsored social service programs nationwide was 0.9% among high school graduates and 2.1% among those with less than a high school diploma, compared to 0.3% among people with a bachelor's degree and just 0.1% among those with advanced and professional degrees. In New Jersey, 1.2%

Building a Strong New Jersey

of non-high school graduates enrolled in public assistance programs compared with 0.7% of high school graduates and barely 0.1% of those holding a bachelor's degree.

The findings were again similar concerning health. Among college graduates nationwide, 92.6% over age 25 described their health as good, very good or excellent in March 2004 compared to 82% percent of high school graduates. In New Jersey, the figures were 94.6% of college graduates and 86.5% among high school level respondents.

Again, college graduates were more likely to volunteer in their communities at 36.1% nationwide and 35.7% in New Jersey, compared to 20.8% and 16.8% of high school graduates nationwide and in New Jersey, respectively. Also, this study found a similarly higher voter

participation rate among those who have completed college or higher levels of education with 76.3% nationwide and 75.1% in New Jersey voting in the 2000 presidential election, compared to 56% of the nation's high school graduates and 57.4% in New Jersey.

Taken together, the two studies show that by every measure people who obtain higher education benefit not only themselves but also society as a whole. They earn more, and therefore contribute more in public revenue. They live healthier lives. They are more active participants in their communities and in our democracy. They are less likely to become ensnared in difficulties with the law, and they generally need and take less from the social and economic safety net, tending instead to contribute more of the resources society provides for those in need.

The Introduction to the College Board study declares:

The story told by the indicators in this report is that education does pay. It has a high rate of return for students from all racial-ethnic groups, for men and for women, and for those from all family backgrounds. It also has a high rate of return for society. We all benefit from the higher tax revenues, the lower demands on social support programs, the lower rates of incarceration and the greater levels of civic participation by college-educated adults.

Further, it says, "If all demographic groups attained levels of education similar to those of the groups who are most successful by this measure, more individuals would enjoy the benefits described. Moreover, society would function more efficiently, enjoying a variety of shared benefits."

By enabling New Jersey's public and private institutions of higher education to gain access to capital at cost-effective rates, NJEFA contributes to the expansion and development of our State's resources of colleges, universities, and professional and graduate schools as they meet their obligation to provide and expand higher learning opportunities for New Jerseyans.

As the people of our State seize those opportunities for educational achievement, they improve not only their own circumstances but also contribute to a stronger, more economically and culturally diverse and secure New Jersey.

The NJEFA is proud to have contributed in 2004 to weaving tighter the web of success that higher education makes for all of us in the Garden State.



Shown at left is a graduation ceremony at Centenary College.

PROJECT SUMMARIES FOR 2004 FINANCINGS



MONTCLAIR STATE UNIVERSITY

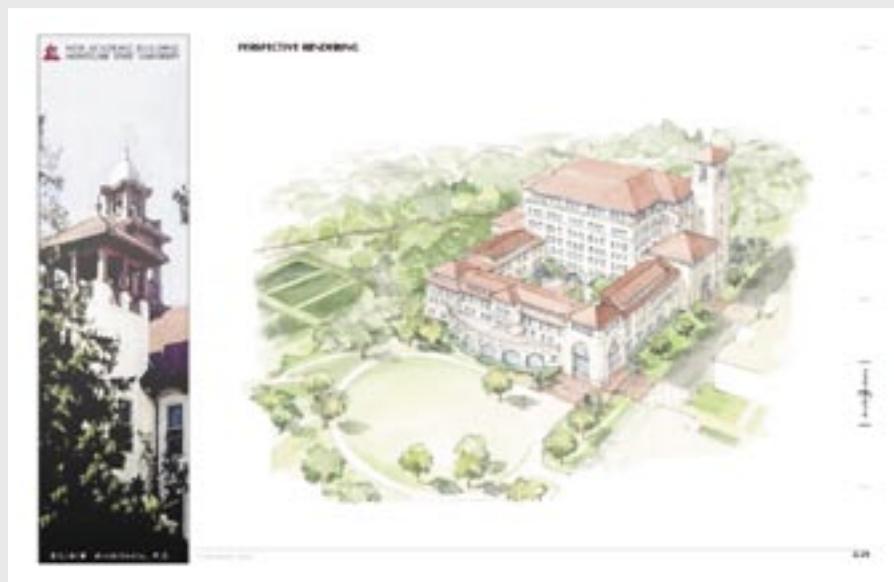
Series 2003 L

NJEFA closed its first transaction in 2004 with the sale of approximately \$95 million bonds for Montclair State University. Proceeds from this issue financed a new academic building and advance refunded a portion of the University's outstanding Series 1995 F bonds.

The new academic building, designed in the University's trademark Spanish mission-style architecture, will serve as the University's newest campus landmark. Its features include a 120-foot bell tower, a Moorish style courtyard and views of New York City from its seventh floor. The 270,000-square-foot, \$54 million facility is expected to open in the fall

of 2005 and will house the College of Education and Human Services. Among its amenities will be eight 100-seat lecture halls, 29 classrooms, 125 faculty offices, five conference rooms, eight specialized learning laboratories, and information technology network operations and data centers.

The Series 2003 L Bonds also provided for the advance refunding of the University's Series 1995 F bonds that were originally issued to finance the conversion of Russ Hall from academic to residential use. The refunding bonds carried a true interest cost of 4.54% and provided \$193,059 in net present value savings to the University.



Shown above and in the rendering to the right is Montclair State University's new academic building which is being financed by bonds issued by the NJEFA.

PROJECT SUMMARIES FOR 2004 FINANCINGS



THE WILLIAM PATERSON
UNIVERSITY OF NEW JERSEY
Series 2004 A

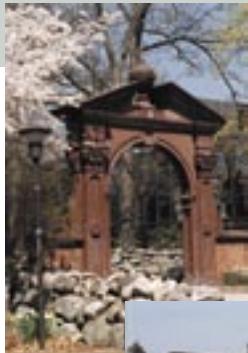
NJEFA issued its second series of bonds in 2004 in January for The William Paterson University of New Jersey in the amount of \$30,035,000. The Series 2004 A bonds were sold to finance the construction of two 4-story residence halls and to realign a roadway to service the new buildings. Consistent with the University's Master Plan, the project is the first phase of development aimed at increasing residential capacity to accommodate a greater percentage of the current student population in on-campus housing and to meet future enrollment demands.

The two mid-rise buildings are each designed to accommodate approximately 186 students for a total of 372 new beds and will provide an additional 103,000 square feet of residential space. Each of the buildings will feature double-occupancy rooms in various suite designs with central community lounge spaces on each floor and fitness centers at ground level. Additional capital projects financed through this issue include construction of a campus loop road to enable the development of a safe pedestrian zone and outdoor walkways throughout the campus residential area.

NJEFA bonds, issued on behalf of William Paterson, are being used to finance the construction of two new residence halls, shown in the renderings on this page. The photograph shows one of the residence halls under construction.



PROJECT SUMMARIES FOR 2004 FINANCINGS



RAMAPO COLLEGE OF NEW JERSEY Series 2003 H and Series 2004 E

NJEFA completed two transactions in 2004 on behalf of Ramapo College of New Jersey providing a combined total of \$72,910,000 of bonds to help the college finance new capital projects and to complete an advance refunding of certain outstanding debt of the College.

The first of these transactions was the issuance in January of the Series 2003 H bonds that were sold in the amount of \$18,930,000 to refund the College's outstanding Series 1999 E bonds. The Series 1999 E bonds were originally issued to finance a number of capital projects, including construction of a 5-story, 127-bed residence hall, and expansion of the campus Pavilion. The refunding bonds carried a true interest cost of 4.36% and

provided net present value savings of \$554,426 to the College.

The second transaction completed for Ramapo was the sale in October of the Series 2004 E bonds in the amount of \$53,980,000. Proceeds of these bonds are being used by the College for the construction, furnishing and equipping of a new 432-bed student residence hall and accompanying 413-space parking garage, known as Phase IX of the College's student residence project. Other projects financed by this transaction include construction of a campus loop road, relocation and construction of certain outdoor recreation facilities and related infrastructure and landscaping work.



This rendering depicts Ramapo's new 432-bed student residence hall and accompanying 413-space parking garage, known as Phase IX of the College's student residence project. The photos at the top of the page are of other Ramapo facilities.

PROJECT SUMMARIES FOR 2004 FINANCINGS

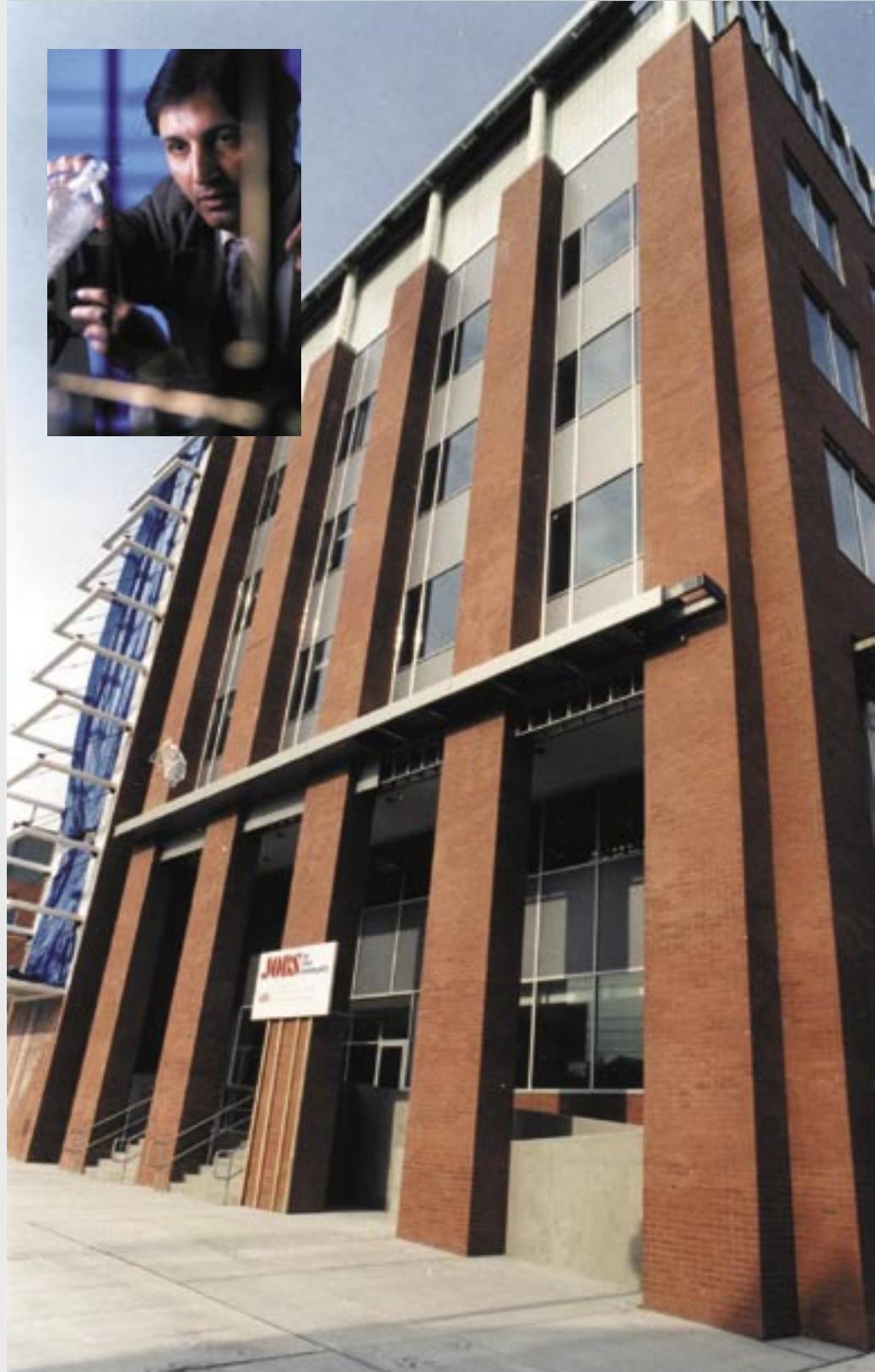
Pictured below is the Enterprise Development Center at the New Jersey Institute of Technology. The other photos show students at Eberhardt Hall and the entrance to the Guttenberg Information Technology Center.

NEW JERSEY INSTITUTE OF TECHNOLOGY Series 2004 B

In April, NJEFA closed a refunding transaction for the New Jersey Institute of Technology (NJIT). The bonds were sold in the amount of \$73,530,000 to refund currently all of NJIT's outstanding Series 1994 A bonds and to advance refund all of the Institute's outstanding Series 1995 E bonds. Through these refundings, the Authority achieved a combined net present value savings on behalf of the Institute of approximately \$9.1 million.

The Series 1994 A bonds were originally issued by NJEFA as a refunding transaction to restructure debt relating to four of the Institute's outstanding bond issues.

The Series 1995 E bonds were originally sold to provide funds to construct a fourth campus residence hall in accordance with NJIT's Updated Facilities and Financing Master Plan, expanding the Institute's residential capacity by an additional 300 students. Proceeds from the 1995 bond issue also financed several upgrades and additions to the Institute's Colton, Campbell and Weston Hall complex.



PROJECT SUMMARIES FOR 2004 FINANCINGS



HIGHER EDUCATION CAPITAL IMPROVEMENT FUND PROGRAM Series 2004 A

In April, the Authority issued \$76,725,000 in the fourth and final tranche of bonds authorized under the state-supported Higher Education Capital Improvement Fund Program (HECIF). Enacted by legislation in 1999, the HECIF program authorizes NJEFA to issue up to \$550 million in bonds for partial grants to New Jersey's public and private colleges and universities for the purpose of preservation, maintenance, improvement and expansion of their facilities and technology infrastructure.

The statute provides that the State will pay two-thirds of the debt service on the bonds for public institutions and one-half of the debt service for private institutions participating in the program. Institutional and project applicants for grants allocated under this program are

subject to approval by the New Jersey Commission on Higher Education.

Proceeds from this transaction provided partial grants to the following seven institutions:

- The College of Saint Elizabeth: \$578,057
- Georgian Court University: \$2,635,641
- Rider University: \$540,000
- Seton Hall University: \$7,611,751
- Kean University: \$570,000
- New Jersey Institute of Technology: \$60,937,500
- Richard Stockton College of New Jersey: \$3,848,250

The Series 2004 A HECIF bonds were structured with fixed rates and a 20-year final maturity and sold competitively at a true interest cost of 4.311%.

RIDER UNIVERSITY 2004 Series A

NJEFA issued \$14,735,000 bonds in June to assist Rider University in financing several capital projects, including construction of a new residence hall on campus. This new facility will significantly upgrade Rider's residential capacity by providing approximately 100 new beds and 29,927 square feet of additional residential space.

Proceeds from the issue also financed additions to the University's existing Ziegler and Hill Hall residential facilities. The additions included construction of two additional 24-bed wings for each building resulting in increased residential capacity of approximately 100 beds and 24,600 square feet.

The 2004 Series A bonds also financed approximately 65% of the construction of Rider's new Student Recreation Center. The new 45,114-square-foot Student Recreation Center will feature amenities that include a fully equipped fitness center, aerobic exercise facility, suspended indoor track, three basketball courts and several meeting and locker rooms.

The photos at top show research activity at The College of New Jersey. Below is a rendering of the new sports and recreation complex at Rider University.



PROJECT SUMMARIES FOR 2004 FINANCINGS

This new facility, shown both in the rendering and in the construction phase, will significantly upgrade Rider's residential capacity by providing approximately 100 new beds



PROJECT SUMMARIES FOR 2004 FINANCINGS



NJEFA bonds are helping finance the renovation and conversion of six brownstone apartment buildings into student residences. Photos above and below depict construction under way on new student residences.

STEVENS INSTITUTE OF TECHNOLOGY 2004 Series B

In July, NJEFA issued bonds on behalf of the Stevens Institute of Technology in the amount of \$13,265,000 to help finance the renovation and conversion of six brownstone apartment buildings into student residence halls.

The Institute's need for additional student housing has intensified in recent years as a result of real estate market trends in the area. Ongoing revitalization efforts in Hoboken and its proximity to New York City have contributed to an environment of increasingly high rental

fees for off-campus housing alternatives.

Recognizing the escalating costs of housing, the Institute is taking steps to accommodate more students in campus housing and to equip these units with necessary amenities at an affordable cost.

Upon completion of the 2004 Series B project, the six new dormitories will accommodate 200 additional beds in single and double style rooms. Other amenities will include kitchenettes, on-site laundry facilities and high-speed internet connectivity.



PROJECT SUMMARIES FOR 2004 FINANCINGS

FAIRLEIGH DICKINSON UNIVERSITY 2004 Series C

NJEFA completed a current refunding transaction in July for Fairleigh Dickinson University in the amount of \$35,285,000. The 2004 Series C bonds were issued to refund the University's outstanding 1993 Series C bonds.

The 1993 Series C bonds were originally issued to refund two earlier issues, 1972 Series A and 1991 Series C. Proceeds from the 1972 Series A bonds originally financed a five-story student residence hall on the University's Metropolitan campus and three dormitories on the University's Florham Park-Madison campus. Proceeds from the 1991 Series C bonds financed multiple capital improvement projects and certain equipment purchases.

The 2004 Series C bonds carried a true interest cost of 5.534% and provided Fairleigh Dickinson University with net present value savings of approximately \$1.9 million.



The rendering above shows FDU's new residence hall, which is nearing completion on its Metropolitan Campus.



PROJECT SUMMARIES FOR 2004 FINANCINGS



ROWAN UNIVERSITY

Series 2004 C

In July, NJEFA issued \$61,275,000 bonds on behalf of Rowan University. Proceeds from this transaction financed several major projects.

Among the larger project components are the construction of a new academic building in Camden and a new townhouse complex on the University's main campus in Glassboro. The new five-story, 50,000-square-foot academic facility will allow the University's Camden campus to double its current student capacity to 1,000 students and to expand its academic offerings. The building will feature a variety of mixed-use academic space, including classrooms, computer and science labs, conference rooms and music, dance, art and theater facilities. The academic building is being funded in part by a \$5 million state grant and a matching \$5 million from the University in bond financing through NJEFA.

The new townhouses will provide much needed additional residential space for University students. They will accommodate 464 new beds and will have space for meeting rooms, laundry facilities, game rooms and a 5,000-square-foot community center. Construction of a three-story parking garage is also being financed through this transaction and will provide 572 additional parking spaces.

Other projects to be financed with 2004 bonds are construction of a new central chiller plant and a new cogeneration plant on campus. Funds were also applied to acquire land for future educational facilities and for a major renovation of the campus student center involving a substantial upgrade of all kitchen and food service facilities as well as replacement and upgrade of all of the building's windows and frames.



NJEFA bonds issued on behalf of Rowan University in 2004 are helping to pay for a new academic building in Camden, shown in the rendering above. The new townhouses shown at top left will provide needed residential space for students on the Glassboro campus.

PROJECT SUMMARIES FOR 2004 FINANCINGS

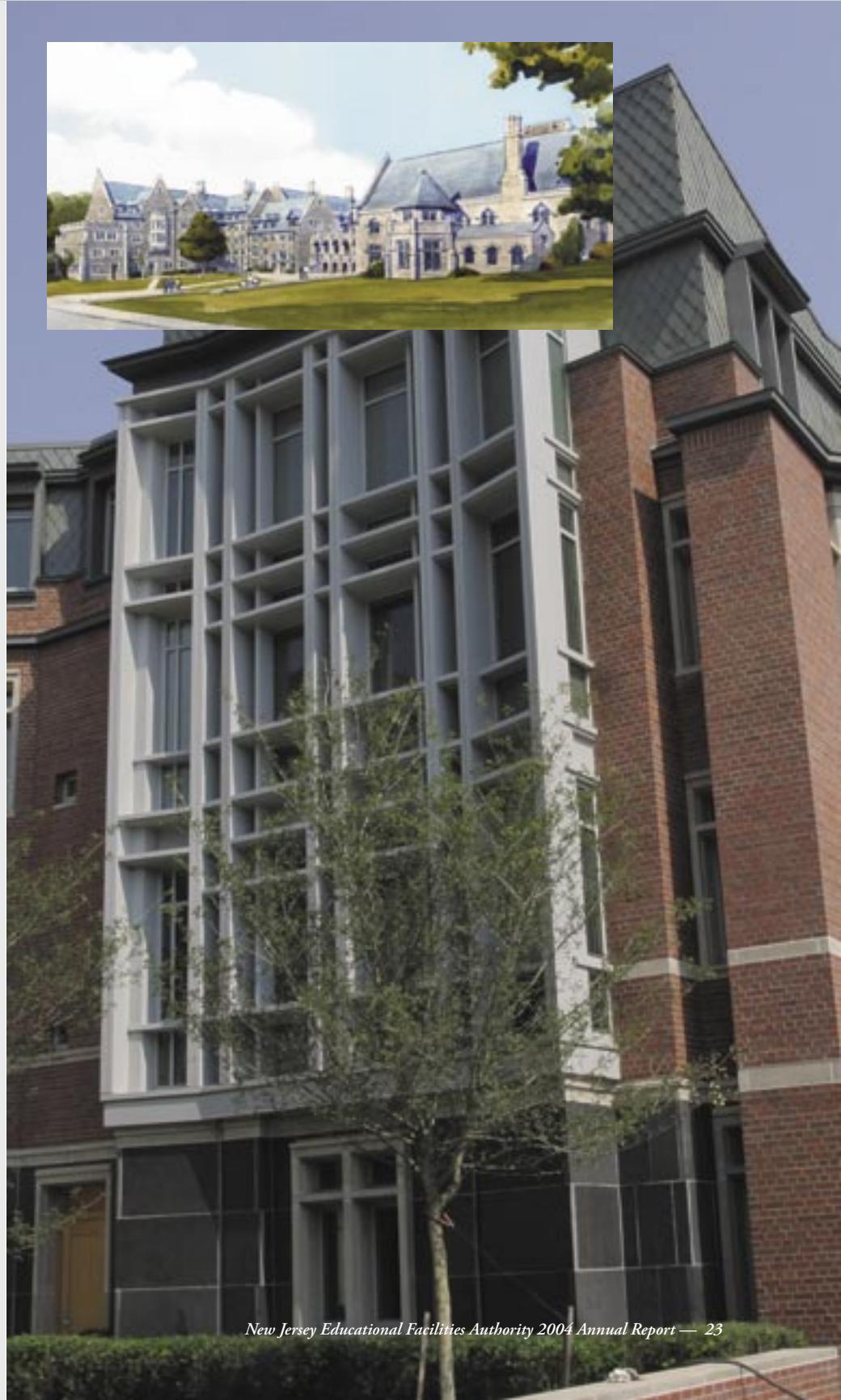
Bloomberg Hall, shown below, will accommodate 220 additional undergraduate students. Whitman College, inset rendering, will be the University's sixth residential college. The Andlinger Center for the Humanities is pictured below left.

PRINCETON UNIVERSITY 2004 Series D

NJEA issued \$175 million bonds in July on behalf of Princeton University. The transaction provided approximately \$134 million in new capital for several major new campus projects and a number of smaller renovation and maintenance projects as well as \$51 million to permanently finance outstanding commercial paper notes issued under the University's existing Commercial Paper Note Program.

Among the campus improvements financed through these bonds is construction of a new 95,000-square-foot undergraduate dormitory, Bloomberg Hall, that will accommodate 220 additional students, and expansion of the University's graduate student housing complex, The Lawrence Apartments. The Lawrence Apartments comprise a 12-story high-rise that, after expansion, will house 93 one-bedroom units and a cluster of two-story buildings with 55 two-bedroom units.

Bond proceeds will also help the University finance the construction of its new Whitman College, designed by the world-famous architect and Princeton graduate, Demetri Porphyrios. Designed in a Gothic style, the 275,000-square-foot Whitman College will be the University's sixth residential college. Its addition allows Princeton to increase its undergraduate student body by roughly 500 students and to expand its academic offerings. Architect Frank Gehry is designing the new Whitman College science library. The 2004 Series D bonds were structured with fixed rates and competitively sold at the low bid of 4.49%.



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Not pictured: FELICE K. VAZQUEZ who was appointed to the NJEFA Board in December 2004.

ABOUT THE NEW JERSEY EDUCATIONAL FACILITIES AUTHORITY



NJEFA Staff

About the NJEFA

The New Jersey Educational Facilities Authority was established in 1966 to provide assistance to the public and private colleges and universities of New Jersey by giving them access to tax-exempt financing through the facility of a public agency.

Oversight and direction of NJEFA is entrusted to a seven-member board composed of five public, unsalaried members appointed to five-year terms by the Governor with confirmation by the Senate. The State Treasurer and the Chair of the Commission on Higher Education serve ex-officio.

The mandate of NJEFA is to issue tax-exempt and taxable debt on behalf of qualified institutions of higher education to facilitate their capital finance and development needs. The bonds and other financial instruments of the Authority are special and limited obligations, secured and repaid by the institution for which it provides financing.

NJEFA's bonds and other obligations have no guarantee of repayment by the State unless authorized by statute. Exceptions occur only when the State assumes a

repayment obligation and identifies a repayment source. The latter is the case in the State's commitment to pay debt service on bonds issued under programs like the Public Library Project Grant Program or the Higher Education Capital Improvement Fund.

Institutions of higher education can utilize NJEFA financing for a variety of projects including construction, renovation, improvement and expansion of academic buildings such as classroom facilities, laboratories and other research facilities.

Also eligible are auxiliary service facilities like dining halls, utility plants and related projects, libraries, dormitories, athletic facilities, parking facilities, student union facilities, administration buildings, and campus health care facilities. Authority financing can be utilized as well for the acquisition of capital equipment such as high technology equipment.

The law precludes the use of NJEFA financing for facilities used for sectarian instruction or religious worship.

Eligible institutions, including accredited two- and four-year colleges and universities, identify their capital and construction requirements and then work with NJEFA to develop financing that will meet the fiscal needs of their projects.

Working with the institution, NJEFA will take its bond issue to market, capitalizing on the lower interest rates the Authority can obtain as a public fiduciary. Colleges and universities also achieve economies of scale by utilizing NJEFA to raise funds. For example, NJEFA can package a series of projects in a single financing to obtain lower interest rates. This type of "pooled financing" structure saves administrative fees and costs of issuance that would be borne separately by the individual institutions.

The Authority has never experienced a default. As a result, its reputation for fiscal responsibility and integrity is impeccable and carries the practical benefit of lower interest rates for the State's institutions of higher education.



NJEFA Financial Management

NJEFA seeks to structure the most attractive financing packages available for its college and university clients.

The following describes types of financing utilized.

- “Bond anticipation notes” are interim, short-term obligations used to provide funds for construction, which can be replaced promptly with low-cost, long-term instruments.
- “Fixed rate long-term bonds” are structured to provide the most attractive debt service payment schedule.
- “Variable rate bonds” are issues in which the interest rate varies, sometimes according to a preset formula, and can be adjusted periodically. On this type of financing, the rates are generally lower than fixed rates.
- “Refundings” are bonds that are sold and the proceeds of which are then held in reserve, or used immediately, to repay existing prior debt in order to take advantage of more favorable interest rates or to remove or amend certain restrictions or covenants that may have been placed on an earlier debt issue.

NJEFA uses its knowledge and experience of the financial markets, its products, and the institution’s projects to add features to its bond sales to enhance their attractiveness to investors; to achieve higher ratings from bond rating agencies; or to produce lower interest rates on particular issues for particular institutions of higher education.

NJEFA uses Debt Service Reserve Funds on certain bond issues. These Funds are separate accounts established to provide a source to pay debt service on the Authority’s obligations in the event of financial difficulty of the borrowing institution. NJEFA has never had to draw down on the assets of any reserve funds to meet interest or principal payments.

As a protection for the Authority, its bondholders, and its client institutions, NJEFA performs certain annual procedures. These protections are intended to comply with bond covenants and the formal resolutions adopted by the Authority’s Members upon the issuance of debt.

Shown above are the facade of Asbury Hall at Drew University and Woodrow Wilson Hall at Monmouth University.

ATLANTIC CAPE COMMUNITY COLLEGE

- Series 1999 B: \$3,045,000; renovations, expansions, improvements
- 2000 Series G: \$8,505,000; new dining hall, dormitory and administration building renovations

BLOOMFIELD COLLEGE

- 1998 Tax-Exempt Lease Purchase: \$315,000; equipment acquisition
- 2000 Series A: \$6,270,000; new library, library and college center renovations, equipment purchase

CALDWELL COLLEGE

- Bond Anticipation Note Issue M (1990): \$3,000,000; library addition and renovation
- 1995 Series A: \$4,800,000; academic building
- 2000 Series B: \$9,235,000; student recreation center, parking lot and roadway improvements

CENTENARY COLLEGE

- 1998 Tax-Exempt Lease Purchase: \$640,000; computer and equipment acquisition
- 2000 Series F: \$6,130,000; Equestrian Center
- 2003 Series A: \$14,775,000; student residence hall, computer acquisition

COLLEGE OF ST. ELIZABETH

- 2000 Series C: \$12,000,000; facility conversion and renovations to administration building, parking facility expansion

DREW UNIVERSITY

- Bond Anticipation Note Issue I (1980): \$11,690,000; library addition and renovation

- Bond Anticipation Note Issue K (1984): \$4,500,000; computer acquisition
- 1985 Series B: \$12,275,000; library addition and renovation
- 1992 Series E: \$29,180,000; athletic center
- 1997 Series B: \$9,140,000; refunding of 1985 Series B bonds
- 1998 Series C: \$27,935,000; refunding of 1992 Series E bonds
- 2003 Series C: \$20,855,000; deferred maintenance

ESSEX COUNTY COLLEGE

- Series 1999 C: \$4,570,000; renovations

FAIRLEIGH DICKINSON UNIVERSITY

- 1972 Series A: \$4,080,000; student residences
- 1985 Series C: \$7,000,000; recreation center
- 1991 Series C: \$8,700,000; equipment purchases
- 1993 Series C: \$40,000,000; residence hall, recreation center, renovations, refunding of 1972 Series A
- 1998 Series G: \$16,615,000; student housing facility
- 2002 Series D: \$63,650,000; new residence halls and academic building, student center addition, renovations
- 2004 Series C: \$35,285,000; refunding of 1993 Series C bonds

FELICIAN COLLEGE

- 1996 Series A: \$2,040,000; academic buildings
- 1997 Series D: \$12,550,000; property acquisition, refunding of 1996 Series A bonds
- 1998 Tax-Exempt Lease Purchase: \$897,000; telephone/telecommunications equipment acquisition

GEORGIAN COURT UNIVERSITY

- 1991 Series, Project A: \$7,410,000; library and student lounge
- 1998 Series, Project B: \$6,455,000; renovations
- 2003 Series, Project C: \$15,215,000; new residence hall, renovation of Arts and Sciences Building and library

HUDSON COUNTY COLLEGE

- Series 1999 D: \$7,750,000; land acquisition
- Series 1999 G: \$2,035,000; property acquisition and construction

INSTITUTE FOR ADVANCED STUDY

- 1980 Series A (Collateralized): \$8,775,000; rehabilitation and renovations
- 1991 Series B: \$17,895,000; administration building, equipment purchase
- 1997 Series F and G: \$42,875,000; renovations and refunding of 1991 Series B bonds
- 2001 Series A: \$11,000,000; School of Natural Sciences, building "D" renovations, capital projects

INSTITUTE FOR DEFENSE ANALYSES

- 2000 Series D: \$16,695,000; property acquisition, office facility and parking lot

KEAN UNIVERSITY

- Series 1974 B: \$7,960,000; student apartments
- Series 1981 E: \$4,185,000; Pingry School acquisition (East Campus)
- Series 1985 D: \$4,440,000; refunding of Series 1981 E bonds
- Series 1991 B: \$9,625,000; student apartments
- Series 1993 G: \$8,770,000; College Center addition and Library
- Series 1998 A: \$16,400,000; academic building and athletic facilities

KEAN UNIVERSITY, CONTINUED

- Series 1998 B: \$9,595,000; student apartments
- Series 2001 A: \$6,465,000; Downs Hall addition/renovations
- Series 2003 D: \$75,000,000; Wellness and Fitness Center, gymnasium renovations, stadium additions, Kean Building renovations, academic building

MIDDLESEX COUNTY COLLEGE

- Bond Anticipation Note Issue 9 (1971): \$265,000; parking facility
- Series 1999 E: \$4,370,000; road, building and safety improvements

MONMOUTH UNIVERSITY

- 1975 Series A: \$2,710,000; student union
- 1985 Series A: \$2,150,000; academic building
- 1987 Series C: \$1,750,000; student housing facility
- 1988 Series B: \$10,500,000; apartment building, renovations, athletic facility
- Bond Anticipation Note Issue L (1990): \$5,735,000; School of Business
- 1993 Series A: \$14,365,000; various construction and renovation projects, land acquisition
- 1994 Series B: \$2,855,000; student housing facility
- 1994 Series C: \$5,270,000; student housing facility
- 1997 Series C: \$12,910,000; student housing facility, telephone system, refunding of 1985 Series A and 1987 Series C bonds
- 1998 Series D: \$8,815,000; telecommunications/equipment acquisition

MONTCLAIR STATE UNIVERSITY

- Series 1972 B: \$5,415,000; student union
- Series 1974 D: \$6,425,000; dormitory

and dining hall

- Series 1977 A: \$1,720,000; student apartments
- Series 1977 B: \$988,000; student apartments
- Series 1982 B: \$15,980,000; dormitory, cafeteria
- Series 1982 C: \$8,245,000; student center annex and playfields
- Series 1983 A: \$20,720,000; refunding of Series 1982 B bonds
- Series 1983 B: \$10,720,000; partial refunding of Series 1982 C bonds
- Series 1986 H: \$21,690,000; refunding of Series 1983 A bonds
- Series 1986 I: \$11,010,000; partial refunding of Series 1983 B bonds
- Series 1991 E: \$10,260,000; academic building
- Series 1995 F: \$4,780,000; dormitory and renovations
- Series 1996 C: \$18,845,000; refunding of Series 1986 H bonds
- Series 1996 D: \$9,575,000; refunding of Series 1986 I bonds
- Series 1997 D and Series 1997 E: \$20,925,000; academic building
- Series 2001 F: \$18,695,000; parking facility
- Series 2002 F: \$78,500,000; student housing facility and recreational complex
- Series 2003 E: \$23,425,000; Performing Arts Theater and equipment
- Series 2003 L: \$94,540,000; academic building and refunding of Series 1995 F bonds

NEW JERSEY CITY UNIVERSITY

- Series 1971 B: \$280,000; student apartments
- Series 1975 A: \$7,275,000; student center and parking facility
- Series 1977 C: \$8,570,000; refunding of Series 1975 A bonds
- Series 1987 A: \$2,475,000; dormitory
- Series 1992 D: \$15,350,000; athletic/

recreation center and academic building

- Series 1993 H: \$2,310,000; administration building, parking facility, tennis courts
- Series 1995 A: \$2,315,000; property acquisition
- Series 1995 C: \$2,175,000; refunding of Series 1987 A bonds
- Series 1998 E: \$6,945,000; library and recreation center renovations
- Series 1999 B: \$17,795,000; refunding of Series 1992 D and Series 1995 A bonds
- Series 2002 A: \$15,115,000; fine arts building, student union renovations, campus card technology, parking improvements, fire protection upgrades
- Series 2003 A: \$47,850,000; Arts and Sciences Tower, Charter School conversion, parking program improvements, fire safety installation, equipment acquisition, student union renovations, ITS Department renovations, refunding of Series 1993 H bonds
- Series 2003 B: \$2,300,000; renovations to Business Incubator facility

NEW JERSEY INSTITUTE OF TECHNOLOGY

- Series 1978 A: \$700,000; dormitory
- Series 1982 A: \$3,520,000; engineering building
- Series 1982 F: \$6,235,000; dormitory
- Series 1986 A: \$26,775,000; academic building
- Series 1986 B: \$6,815,000; refunding of Series 1982 F bonds
- Series 1989 A: \$20,925,000; dormitory and gymnasium addition
- Series 1991 D: \$14,575,000; parking facility and student support facility
- Series 1994 A: \$56,460,000; refunding of Series 1986 A, Series 1986 B, Series 1989 A, and Series 1991 D bonds

HISTORICAL FINANCINGS

NEW JERSEY INSTITUTE OF TECHNOLOGY, CONTINUED

- Series 1995 E: \$33,230,000; residence hall and academic building renovations
- Series 2001 G: \$62,335,000; residence hall, renovations and additions to Campus Center
- Series 2001 H: \$12,570,000 (federally taxable); Enterprise Development Center
- Series 2004 B: \$73,530,000; refunding of Series 1994 A and Series 1995 E bonds

OCEAN COUNTY COLLEGE

- Series 1980 A: \$1,680,000; computer acquisition

PASSAIC COUNTY COLLEGE

- Series 1999 F: \$2,015,000; acquisition and renovation

PRINCETON THEOLOGICAL SEMINARY

- 1985 Series E: \$80,000,000; academic building
- 1992 Series C: \$20,500,000; library addition, renovations to campus center and dormitories
- 1996 Series B: \$16,210,000; residence hall, renovations, faculty and administrative housing, land acquisition
- 1997 Series A: \$22,485,000; refunding of 1992 Series C bonds
- 2002 Series G: \$26,125,000; parking garage

PRINCETON UNIVERSITY

- Bond Anticipation Note Issue H (1980): \$5,000,000; dining hall and social facilities
- 1982 Series, Project A: \$16,625,000; rehabilitation and repairs
- 1984 Series, Project B: \$52,885,000; rehabilitation and repairs
- 1985 Series, Project C: \$32,100,000; rehabilitation and repairs
- 1987 Series A: \$28,785,000;

rehabilitation and repairs, and a refunding of 1982 Series, Project A

- 1987 Series B: \$22,285,000; rehabilitation and repairs
- 1988 Series A: \$21,885,000; rehabilitation and repairs
- 1989 Series A: \$15,400,000; rehabilitation and repairs
- 1990 Series A: \$13,370,000; rehabilitation and repairs
- 1991 Series A: \$15,185,000; rehabilitation and repairs
- 1992 Series F: \$17,330,000; rehabilitation and repairs
- 1993 Series B: \$17,475,000; rehabilitation and repairs
- 1994 Series A: \$46,060,000; rehabilitation and repairs
- 1995 Series C: \$28,865,000; rehabilitation and repairs
- 1996 Series C: \$24,530,000; rehabilitation and repairs
- 1997 Series E: \$22,150,000; rehabilitation and repairs
- Commercial Paper Notes: Not to Exceed \$120,000,000; stadium and renovations and repairs
- 1998 Series E: \$19,010,000; refunding a portion of 1994 Series A bonds
- 1998 Series F: \$40,000,000; rehabilitation and repairs
- 1999 Series A: \$45,500,000; refunding of Commercial Paper Notes
- 1999 Series B: \$50,000,000; major maintenance
- 2000 Series E: \$50,000,000; renovations/capital improvements, addition to Princeton Press
- 2000 Series H: \$100,000,000; renovations and refunding a portion of Commercial Paper Notes
- 2001 Series B: \$100,000,000; renovations and capital improvements
- 2002 Series B: \$100,000,000; renovations, refunding a portion of Commercial Paper Notes
- 2003 Series E: \$112,510,000; refunding a portion of Commercial

Paper Notes

- 2003 Series F: \$75,000,000; various new construction and renovations
- 2003 Series D: \$114,495,000; refunding of 1994 Series A, 1995 Series C, 1996 Series C, 1997 Series E, 1998 Series F, 1999 Series B, 2000 Series E, 2000 Series H bonds
- 2004 Series D: \$175,000,000; dormitory, residential college, student apartments, other renovations and improvements, and refunding a portion of Commercial Paper Notes

RABBINICAL COLLEGE OF AMERICA

- 1985 Series D: \$1,883,000; student and faculty housing

RAMAPO COLLEGE OF NEW JERSEY

- Series 1973 A: \$1,760,000; student apartments
- Series 1973 B: \$1,310,000; campus life facility
- Series 1976 C: \$2,525,000; student apartments and expanded parking
- Series 1978 B: \$100,000; student housing facility
- Series 1979 C: \$1,325,000; campus life annex
- Series 1984 A: \$7,295,000; dormitory
- Series 1986 F: \$8,445,000; refunding of Series 1984 A bonds
- Series 1988 B: \$8,975,000; dormitory
- Series 1988 C: \$2,865,000; campus life addition
- Series 1990 A: \$2,270,000; dormitory renovations
- Series 1993 D: \$3,120,000; refunding of Series 1988 C bonds
- Series 1993 E: \$17,870,000; dormitories
- Series 1997 A: \$7,330,000; visual and performing arts center
- Direct Loan Program (1997): \$295,910; equipment acquisition
- Direct Loan Program (1998): \$600,000; equipment acquisition

**RAMAPO COLLEGE OF NEW JERSEY,
CONTINUED**

- Series 1998 G: \$16,845,000; student housing facility and pavilion
- Series 1998 H: \$2,000,000; campus life renovations
- Series 1998 I: \$955,000; technology infrastructure match
- Series 1999 E: \$19,900,000; residence hall and equipment acquisition
- 2000 Tax-Exempt Lease Purchase: \$1,695,3000; computer equipment acquisition
- Series 2001 D: \$40,480,000; student residence and telecommunications repairs
- Series 2001 E: \$2,535,000; sustainability center and instructional equipment
- Series 2002 H: \$28,655,000; Phase VII and Phase VIII housing
- Series 2002 I: \$2,145,000; student union alterations, rehabilitation, renovations
- Series 2002 J: \$29,620,000; athletic building addition, Havermeyer House acquisition and renovation
- Series 2003 F: \$1,820,000; refunding of Series 1993 D bonds
- Series 2003 G: \$9,300,000; refunding of Series 1993 E bonds
- Series 2003 H: \$18,930,000; refunding of Series 1999 E bonds
- Series 2004 E: \$53,980,000; student residence hall, parking garage, and other roadway and campus improvements

**THE RICHARD STOCKTON COLLEGE OF
NEW JERSEY**

- Series 1973 C: \$1,780,000; College Center
- Series 1973 D: \$5,700,000; student apartments
- Series 1980 B: \$9,790,000; dormitories
- Series 1981 D: \$3,860,000; College Center Annex
- Series 1985 A: \$10,980,000; refunding

of Series 1980 B bonds

- Series 1985 C: \$4,370,000; refunding of Series 1981 D bonds
- Series 1985 F: \$7,810,000; dormitories and parking expansion
- Series 1987 B: \$1,000,000; convenience center
- Series 1988 A: \$3,294,000; student housing renovations
- Series 1992 B: \$10,600,000; refunding of Series 1985 A bonds
- Series 1992 C: \$7,330,000; refunding of Series 1985 F bonds
- Series 1993 F: \$6,690,000; library addition and arts and sciences building
- Series 1996 B: \$1,680,000; refunding of Series 1985 C bonds
- Series 1996 F: \$19,280,000; recreation center
- Series 1998 C: \$13,110,000; student housing facility and commons building
- Series 2002 B: \$8,340,000; refunding of Series 1992 B and Series 1992 C bonds

RIDER UNIVERSITY

- 1971 Series A: \$3,700,000; Student Union
- 1987 Series B: \$21,400,000; administration building
- 1992 Series D: \$31,735,000; academic buildings
- 1995 Series B: \$4,819,851.19; equipment acquisition
- 2002 Series A: \$27,560,000; refunding of 1992 Series D bonds
- 2004 Series A: \$14,735,000; student residence hall and recreation center

ROWAN UNIVERSITY

- Series 1971 A: \$1,205,000; student apartments
- Series 1974 E: \$6,080,000; student union
- Series 1975 B: \$580,000; Winans Hall
- Series 1976 B: \$2,555,000; student apartments
- Series 1979 A: \$1,710,000; student housing facility

- Series 1982 D: \$1,760,000; computer facility acquisition
- Series 1983 C: \$10,365,000; student housing facility
- Series 1983 D: \$3,500,000; student housing facility
- Series 1983 G: \$3,385,000; student union renovations
- Series 1985 E: \$1,545,000; refunding of Series 1982 D bonds
- Series 1986 C: \$11,940,000; refunding of Series 1983 C bonds
- Series 1986 E: \$3,280,000; refunding of Series 1983 G bonds
- Series 1991 A: \$9,000,000; student recreation center
- Series 1993 A: \$9,600,000; new library facility
- Series 1993 B: \$1,765,000; refunding of Series 1976 B bonds
- Series 1993 C: \$10,955,000; refunding of Series 1986 C bonds
- Series 1994 C: \$6,145,000; cogeneration plant and equipment acquisition
- Series 1996 E: \$40,785,000; School of Engineering and renovations
- Series 1997 B: \$6,770,000; engineering building expansion and renovations
- Series 1997 C: \$9,035,000; refunding of Series 1991 A bonds
- Direct Loan Program (1998): \$3,000,000; equipment acquisition
- Series 2000 B: \$51,620,000; science academic building
- Series 2001 B: \$8,790,000; student center renovations
- Series 2001 C: \$60,930,000; land acquisition, refunding of Series 1979 A, Series 1993 A, Series 1994 C, Series 1996 E bonds
- Series 2002 K: \$14,920,000; various renovations, land acquisition, substation and boilers
- Series 2003 I: \$64,910,000; land and computer acquisition, education building, apartment complex, chiller

ROWAN UNIVERSITY, CONTINUED plant, Triad Apartment and Academy Street School renovations

- Series 2003 J: \$4,555,000; refunding of Series 1993 B and Series 1993 C bonds
- Series 2003 K: \$14,700,000; land and computer acquisition, education building, apartment complex, chiller plant, Triad Apartment and Academy Street School renovations
- Series 2004 C: \$61,275,000; Academic building, townhouse complex, cogeneration plant, chiller, student center renovations, and other improvements

RUTGERS, THE STATE UNIVERSITY

- Series 1974 A: \$6,725,000; student apartments

SAINT PETER'S COLLEGE

- 1975 Series B: \$6,000,000; gymnasium/recreation facility
- 1977 Series A: \$7,290,000; Recreational Life Center
- 1992 Series B: \$11,215,000; student housing facility
- 1998 Series B: \$36,815,000; student housing facility
- 1999 Tax-Exempt Lease Purchase: \$663,000; equipment acquisition

SETON HALL UNIVERSITY

- 1976 Series A: \$4,550,000; Law Center
- 1985 Series, Project A: \$31,985,000; dormitory and recreation center
- 1988 Series, Project B: \$23,000,000; dormitory
- 1989 Series, Project C: \$53,535,000; Law School and parking garage
- 1991 Refunding Series A: \$33,965,000; refunding of 1985 Series, Project A bonds
- 1991 Refunding Series B: \$21,785,000; dormitory

- 1991 Series, Project D: \$28,970,000; library
- 1996 Series, Project E: \$20,800,000; refunding of 1989 Series, Project C bonds
- 1998 Series, Project F: \$7,620,000; refunding of 1991 Series, Project D bonds
- 1999 Series: \$50,450,000; refunding of 1989 Series, Project C and 1991 Series, Project D bonds
- 2001 Refunding Series A: \$22,840,000; refunding of 1991 Series A bonds
- 2001 Refunding Series B: \$11,600,000; refunding of 1991 Refunding Series B bonds
- 2001 Series, Project G: \$8,740,000; parking facility, additions, dormitory fire suppression project

STEVENS INSTITUTE OF TECHNOLOGY

- 1983 Series A, Collateralized: \$5,350,000; dormitory
- 1992 Series A: \$18,995,000; athletic/recreation center
- 1998 Series I: \$17,000,000; renovations and maintenance, refunding of a portion of 1992 Series A bonds
- 2002 Series C: \$59,585,000; Center for Technology Management, improvements to athletic fields
- 2004 Series B: \$13,265,000; Conversion of 6 brownstones to student residence halls

THE COLLEGE OF NEW JERSEY

- Series 1972 A: \$9,270,000; dormitory and dining hall
- Series 1976 D: \$5,580,000 and Series 1976 E: \$1,086,000; student center
- Series 1979 B: \$2,300,000; athletic and recreation center
- Series 1983 E: \$2,810,000; sports fields
- Series 1983 F: \$9,000,000; dormitory

- Series 1984 B: \$9,110,000; gymnasium renovations
- Series 1986 D: \$10,050,000; refunding of Series 1983 F bonds
- Series 1986 G: \$10,400,000; refunding of Series 1984 B bonds
- Series 1989 C: \$34,680,000; student residence
- Series 1992 A: \$9,955,000; cogeneration plant
- Series 1992 E: \$56,160,000; refunding of Series 1986 D, Series 1986 G, Series 1989 C bonds
- Series 1994 B: \$24,890,000; dormitories and parking garage
- Series 1996 A: \$75,185,000; academic building, nursing building, student residence, renovations
- Series 1999 A: \$146,455,000; School of Business, Social Sciences Building, dormitory additions
- Series 2002 C: \$53,155,000; refunding of Series 1992 A and Series 1992 E bonds
- Series 2002 D: \$138,550,000; library, parking garages/decks, apartments, various renovations and additions

THOMAS EDISON STATE COLLEGE

- Direct Loan Program (1998): \$1,300,000; equipment purchase

UNION COUNTY COLLEGE

- 1973 Series A: \$3,635,000; library/classroom building
- Series 1989 B: \$6,660,000; commons building
- Series 1991 C: \$3,945,000; computer laboratories

UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY

- Series 1995 B: \$143,645,000; academic building
- Series 1999 C: \$15,720,000; building acquisition

HISTORICAL FINANCINGS

THE WILLIAM PATERSON UNIVERSITY OF NEW JERSEY

- Series 1974 C: \$4,025,000; student apartments
- Series 1976 A: \$5,685,000; student center
- Series 1981 A: \$12,405,000 and Series 1981 B: \$5,000,000; student residence
- Series 1982 E: \$2,200,000; Student Center Annex
- Series 1985 B: \$13,700,000; refunding of Series 1981 A bonds
- Series 1991 F: \$21,605,000; dormitory; refunding of Series 1985 B bonds
- Series 1998 D: \$6,575,000; partial refunding of Series 1991 F bonds
- Series 1999 D: \$12,785,000; dormitory
- Series 2000 A: \$26,425,000; land acquisition and academic building conversion
- Series 2002 E: \$42,125,000; refunding of Series 1991 F bonds, student center renovations and addition
- Series 2004 A: \$30,035,000; two dormitories and roadway construction and improvements

SUMMARY OF STATE-BACKED TRANSACTIONS:

HIGHER EDUCATION EQUIPMENT LEASING FUND

- Higher Education Equipment Leasing Fund, Series 1994 A: \$100,000,000
- Higher Education Equipment Leasing Fund, Series 2001 A: \$87,385,000
- Higher Education Equipment Leasing Fund, Series 2003 A: \$12,620,000

HIGHER EDUCATION FACILITIES TRUST FUND

- Higher Education Facilities Trust Fund, Series 1995 A: \$220,000,000

HIGHER EDUCATION TECHNOLOGY INFRASTRUCTURE FUND

- Higher Education Technology Infrastructure Fund, Series 1998 A: \$55,000,000

COUNTY COLLEGE CAPITAL PROJECTS FUND

- County College Capital Projects Fund, Series 1999 A: \$19,295,000

HIGHER EDUCATION CAPITAL IMPROVEMENT FUND

- Higher Education Capital Improvement Fund, Series 2000 A: \$132,800,000
- Higher Education Capital Improvement Fund, Series 2000 B: \$145,295,000
- Higher Education Capital Improvement Fund, Series 2002 A: \$194,590,000
- Higher Education Capital Improvement Fund, Series 2004 A: \$76,725,000

DORMITORY SAFETY TRUST FUND

- Dormitory Safety Trust Fund, Series 2001 A: \$67,970,000
- Dormitory Safety Trust Fund, Series 2001 B: \$5,800,000 (federally taxable)
- Dormitory Safety Trust Fund, Series 2003 A: \$5,440,000

PUBLIC LIBRARY GRANT PROGRAM

- Public Library Grant Program, Series 2002 A: \$45,000,000

OTHER

- Floating Rate Weekly Demand Equipment & Capital Improvement Revenue Bonds, 1985 Series A: \$50,000,000

FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

DECEMBER 31, 2004



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FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

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

December 31, 2004

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION



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REPORT OF INDEPENDENT AUDITORS

To the Members of the
New Jersey Educational Facilities Authority

We have audited the accompanying balance sheets of the New Jersey Educational Facilities Authority, a component unit of the State of New Jersey, as of December 31, 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 New Jersey Educational Facilities Authority as of 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 basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

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

March 8, 2005

Ernst & Young LLP

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2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2004

Introduction

This section of the New Jersey Educational Facilities Authority's (the "Authority's") annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2004 and the two immediately preceding years. It should be read in conjunction with the Authority's financial statements and accompanying notes.

Overview of the Financial Statements

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

Condensed Financial Information

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

	2004	2003	2002	Increase (Decrease) 2003 to 2004
Current assets	\$8,132,885	\$7,118,561	\$6,170,042	14.2%
Noncurrent assets	300,177	280,285	175,491	7.1%
Total assets	8,433,062	7,398,846	6,345,533	14.0%
Current liabilities	147,837	301,172	145,925	(50.9%)
Noncurrent liabilities	1,021,860	630,100	606,600	62.2%
Total liabilities	1,169,697	931,272	752,525	25.6%
Total net assets	\$7,263,365	\$6,467,574	\$5,593,008	12.3%

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Year ended December 31, 2004

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

	2004	2003	2002	Increase (Decrease) 2003 to 2004
Operating revenues:				
Administrative fees	\$3,435,571	\$3,007,246	\$ 3,155,362	14.2%
Total operating revenues	3,435,571	3,007,246	3,155,362	14.2%
Operating expenses:				
Salaries and related expenses	1,337,167	1,164,583	765,153	14.8%
Provision for post-retirement benefits	395,000	40,000	80,000	887.5%
General expenses	980,372	971,808	583,611	0.9%
Total operating expenses	2,712,539	2,176,391	1,428,764	24.6%
Operating income	723,032	830,855	1,726,598	(13.0%)
Nonoperating revenues (expenses):				
(Loss) gain on asset disposal	–	(14,698)	5,353	100.0%
State of New Jersey reimbursement	–	–	(5,000,000)	N/A
Investment income	72,759	58,409	167,326	24.6%
Change in net assets	795,791	874,566	(3,100,723)	(9.0%)
Net assets beginning of year	6,467,574	5,593,008	8,693,731	15.6%
Net assets end of year	\$7,263,365	\$6,467,574	\$ 5,593,008	12.3%

Analysis of Overall Financial Position and Results of Operations

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

Financial Highlights:

- Total Operating Revenues in 2004 increased by \$428,325, or 14.2% over 2003.
- Net Assets increased by \$795,791, or 12.3% in 2004.
- Net Assets represent 2.7 times Total Operating Expenses in 2004.

During 2002, 2003 and 2004, demand for the Authority's services remained strong and its financing activity continued at record levels. Against the backdrop of rising enrollments and increasing need for spaces in New Jersey's colleges and

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Year ended December 31, 2004

Financial Highlights, continued

universities, the State's public and private institutions have continued to invest in the upgrading of their capital facilities, technology infrastructures and capital equipment. Low interest rates in the capital markets have fostered an economically advantageous environment for new borrowing capital, as well as opportunities for refinancing higher-cost outstanding debt. The Authority also continued to finance State-supported programs, for multiple borrowers, as authorized by the New Jersey Legislature and Governor.

Revenues

The Authority's revenues are derived primarily from two fees; annual fees charged to existing bond issues, and initial fees charged with respect to the issuance of new debt. While annual fees have climbed steadily, from \$1.9 million in 2002 to \$2.2 million in 2003 and to \$2.6 million in 2004, as a result of the continued growth in the amount of Authority bonds outstanding, initial fees are a function of the level of debt issuance in each year. Following record issuance of more than \$900 million in 2002, \$641 million was issued in 2003 and \$647 million was issued in 2004. Consequently, revenues decreased between 2002 and 2003 and rebounded between 2003 and 2004, with a net increase of 9% over the two-year period.

Expenses

Operating expenses increased over each of the past two years. The Authority's expenses in 2003 were higher than those in 2002 for two main reasons. First, in order to meet the significantly increased level of demand for its services evident in both 2002 and 2003, the Authority hired additional staff and moved its operations to expanded facilities. Second, the Authority provided developmental financial support for several programs to benefit its clients. As a result, the Authority's operating margin (operating income as a percentage of operating revenue) decreased from 55% in 2002 to 28% in 2003.

Because of a large adjustment to the Authority's provision for postretirement health benefits, which was necessary to recognize the obligation with respect to new employees, that margin dropped to 21% in 2004. The 2004 operating margin excluding that adjustment would have been 30%.

Assets and Liabilities

Current Assets increased by more than \$1 million during 2004 as a result of strong financing activity. Current Liabilities fell by more than 50%, while Noncurrent Liabilities increased by more than 60% as a result of the aforementioned adjustment for postretirement health benefits. As a result, Net Assets grew by less than Current Assets.

Contacting the Authority's Financial Management

If you have questions about this report or need additional financial information, contact the Office of the Controller, New Jersey Educational Facilities Authority, 103 College Road East, Princeton, NJ 08540-6612. Readers are invited to visit the Authority's website at www.njefa.com.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Balance Sheets

	December 31	
	2004	2003
Assets		
Current assets:		
Cash	\$ 46,587	\$ 116,843
Investments, principally U.S. Government obligations	<u>7,887,188</u>	6,673,296
Accrued interest receivable	—	15,125
Fees receivable	145,493	245,350
Prepaid expenses	<u>53,617</u>	67,947
Total current assets	<u>8,132,885</u>	7,118,561
Noncurrent assets:		
Capital assets, at cost, less accumulated depreciation of \$279,039 and \$230,751 during 2004 and 2003, respectively	<u>300,177</u>	280,285
	<u>\$8,433,062</u>	<u>\$7,398,846</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 147,837	\$ 301,172
Noncurrent liabilities:		
Post-retirement benefits other than pension	965,000	570,000
Public library project obligations	<u>56,860</u>	60,100
Total noncurrent liabilities	<u>1,021,860</u>	630,100
Net assets:		
Unrestricted	6,963,188	6,187,289
Invested in capital assets	<u>300,177</u>	280,285
Total net assets	<u>7,263,365</u>	6,467,574
Total liabilities and net assets	<u>\$8,433,062</u>	<u>\$7,398,846</u>

See accompanying notes.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Statements of Revenues, Expenses and Changes in Fund Net Assets

	Year Ended December 31	
	2004	2003
Operating revenues:		
Administrative fees	\$3,435,571	\$3,007,246
Total operating revenues	3,435,571	3,007,246
Operating expenses:		
Salaries and related expenses	1,337,167	1,164,583
General and administrative expenses	787,749	638,683
Provision for post-retirement benefits	395,000	40,000
Professional fees	192,623	333,125
Total operating expenses	2,712,539	2,176,391
Operating income	723,032	830,855
Nonoperating revenue (expense):		
(Loss) gain on asset disposal	–	(14,698)
Investment income	72,759	58,409
Net changes in net assets	795,791	874,566
Net assets at beginning of year	6,467,574	5,593,008
Net assets at end of year	\$7,263,365	\$6,467,574

See accompanying notes.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

Statements of Cash Flows

	Year Ended December 31	
	2004	2003
Cash flows from operating activities		
Cash received from administrative fees	\$ 3,538,668	\$ 3,455,853
Cash payments for operating expenses	<u>(2,388,505)</u>	<u>(1,914,441)</u>
Net cash provided by operating activities	1,150,163	1,541,412
Cash flows from investing activities		
Purchase of investments	(15,164,135)	(9,110,211)
Sale and maturity of investments	13,971,172	7,622,331
Investment income	66,955	154,991
Net cash used in investing activities	(1,126,008)	(1,332,889)
Cash flows from capital activities		
Purchase of capital assets	<u>(94,411)</u>	<u>(179,376)</u>
Net cash used in capital activities	<u>(94,411)</u>	<u>(179,376)</u>
Net increase (decrease) in cash	(70,256)	29,147
Cash at beginning of year	116,843	87,696
Cash at end of year	\$ 46,587	\$ 116,843
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 723,032	\$ 830,855
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	74,519	59,885
Changes in assets and liabilities:		
Fees receivable and prepaids	114,187	471,925
Accounts payable	<u>(153,335)</u>	<u>155,247</u>
Public library project obligation	<u>(3,240)</u>	<u>(16,500)</u>
Post-retirement benefits obligation	<u>395,000</u>	<u>40,000</u>
Net cash provided by operating activities	<u>\$ 1,150,163</u>	<u>\$ 1,541,412</u>
Supplemental schedule of noncash investing activities		
Change in fair value of investments	<u>\$ 20,930</u>	<u>\$ (63,250)</u>

See accompanying notes.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2004

1. Organization and Function of the Authority

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

The Authority is exempt from both federal and state taxes.

2. Significant Accounting Policies

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

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

Administrative Fees

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

Depreciation

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

Use of Estimates

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

Reclassification

Certain 2003 balances have been reclassified to conform with the current year presentation.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended December 31, 2004

3. Cash and Investments

At year-end, the Authority's bank balance was \$56,652 all of which was covered by FDIC insurance and held in the Authority's name by a New Jersey banking institution.

The types of securities which are permitted investments for Authority funds are established by New Jersey Statutes. All funds of the Authority may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds of the Authority may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

Investments of the Authority comprise the following:

	2004	2003
Investments:		
U.S. Treasury Bills	\$7,762,963	\$6,466,700
Money Market Mutual Fund	124,225	206,596
Total investments	\$7,887,188	\$6,673,296

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended December 31, 2004

3. Cash and Investments (continued)

In 2004 and 2003, the Authority has \$124,225 and \$206,596, respectively, invested in a money market mutual fund, which invests in short-term and other obligations of the U.S. Treasury. All investments are carried at fair value.

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

(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.

As of December 31, 2004 and 2003, the Authority's investments were comprised of U.S. Treasury Bills in the amount of \$7,762,963 and \$6,466,700, respectively. Since the investments are registered in the Authority's name they are not exposed to custodial credit risk. The Authority does not have a written policy for investment securities custodial credit risk but its practice has been to maintain a safekeeping account for the securities at a financial institution.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceed 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Authority places no limit on the amount it may invest in any one issuer, but its practice has been to invest, almost exclusively, in U.S. Treasury Securities. At December 31, 2004 the Authority was not exposed to a concentration of credit risk.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk except to the extent previously outlined under the Authority's investment policy. The Authority's Money Market Mutual Fund is not rated.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended December 31, 2004

3. Cash and Investments (continued)

arising from interest rate fluctuations, but the Authority does from time to time evaluate its investment portfolio to determine if based on the interest rate environment, other investment vehicles would provide higher yields that lower the cost and risk. As of December 31, 2004, the U.S. Treasury Bills had maturities ranging from January 20, 2005 through June 20, 2005.

For the years ended December 31, 2004 and 2003, investment income comprises the following:

	2004	2003
Interest earnings	\$51,829	\$121,659
Net increase (decrease) in fair value of investments	20,930	(63,250)
	\$72,759	\$ 58,409

4. Pension Plan

The Authority's employees participate in the Public Employees Retirement System of New Jersey (PERS), a cost sharing multiple-employer defined benefit plan. The Authority's contribution is based upon an actuarial computation performed by the PERS. The Authority's required contribution and pension expense for each of the years ended December 31, 2004 and 2003 was \$-0-. Employees of the Authority also contribute a percentage of their wages to the pension system; the percentage range of contributions, as determined by PERS, is 3% in 2004 and 2003.

In addition to the pension benefits noted above, as permitted by Chapter 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, the Authority has agreed to pay the health insurance premiums for eligible pensioners and their dependents. These postretirement benefits are available to all employees who retire from the Authority with at least twenty-five years of service credit in the PERS. Postretirement benefits are accrued based on actuarial calculations that utilize the projected unit credit cost method and a discount rate of 5.75%. At December 31, 2004 and 2003, the Authority has accrued \$965,000 and \$570,000, respectively. At December 31, 2004, the Plan had 18 participants of which 16 were active employees and 2 were retirees. Of the Plan participants, 2 retirees and 2 active employees were eligible to receive benefits under the agreement.

5. Conduit Debt

Due to the fact that the bonds and notes issued by the Authority are nonrecourse conduit debt obligations of the Authority, the Authority has, in effect, none of the risks and rewards of the related financings. Accordingly, with the exception of certain fees generated as a result of the financing transaction, the financing transaction is given no accounting recognition in the accompanying financial statements. At December 31, 2004, the amount of conduit debt outstanding totaled \$4,037,190,470.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year ended December 31, 2004

6. Commitments and Contingencies

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

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

7. Net Assets

The Authority's net assets represent the excess of assets over liabilities and are categorized as follows:

- Invested in Capital Assets are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation.
- Unrestricted Net Assets are the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or Board directives. Designated assets include funds and assets committed to working capital.

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

Changes in Net Assets

The changes in net assets are as follows:

	Invested in Capital Assets	Unrestricted	Total
Net assets at December 31, 2002	\$175,491	5,417,517	\$5,593,008
Income	—	874,566	874,566
Capital asset additions	179,376	(179,376)	—
Depreciation	(59,885)	59,885	—
Capital assets removed from service	(14,697)	14,697	—
Net assets at December 31, 2003	280,285	6,187,289	6,467,574
Income	—	795,791	795,791
Capital asset additions	94,411	(94,411)	—
Depreciation	(74,519)	74,519	—
Net assets at December 31, 2004	\$300,177	\$6,963,188	\$7,263,365

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

SUPPLEMENTAL FINANCIAL INFORMATION



2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

SUPPLEMENTAL FINANCIAL STATEMENTS

Balance Sheets – Trustee Held Funds

	December 31	
	2004	2003
Assets		
Cash	\$ 947,105	\$ 400,261
Investments, principally U.S. Government obligations	977,534,223	1,044,888,988
Accrued interest receivable	533,272	416,542
Due from colleges and universities	8,664,361	12,553,609
Loans and leases receivable	4,000,361,470	3,666,667,620
U.S. Government debt service subsidies receivable	82,137	—
	\$4,988,122,568	\$4,724,927,020
Liabilities		
Accounts payable and accrued expenses	\$ 18,001,806	\$ 34,110,903
Accrued interest payable	72,403,082	60,981,790
Bonds and notes payable	4,037,190,470	3,701,671,062
Funds held in trust	860,527,210	928,163,265
	\$4,988,122,568	\$4,724,927,020

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

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

Statements of Changes in Trustee Held Funds

	Year Ended December 31	
	2004	2003
<hr/>		
Funds held in trust at beginning of year	\$ 928,163,265	\$1,073,560,428
<hr/>		
Additions:		
Proceeds from sale of bonds and issuance of notes:		
Par amount	666,700,000	777,795,000
Bond premium, net	31,490,057	26,173,309
Interest accrued to date of delivery	755,398	553,159
Annual loan and rental requirements	291,510,717	313,655,841
Investment income	13,376,387	15,684,596
College and university contributions	5,849,192	4,239,249
U.S. Government debt service subsidies	1,342,127	1,375,870
Change in investment valuation reserve	<u>(965,807)</u>	<u>1,619,549</u>
Total additions	1,010,058,071	1,141,096,573
Deductions:		
Debt service:		
Interest	174,039,901	156,248,837
Principal	194,813,593	321,113,456
Project costs	554,645,463	631,652,442
Issuance costs	10,762,794	7,121,288
Administrative fees	2,619,779	2,228,873
Transfers to escrow accounts for defeasance of refunded issues	<u>140,812,596</u>	<u>168,128,840</u>
Total deductions	<u>1,077,694,126</u>	<u>1,286,493,736</u>
(Decrease) increase in funds held in trust	<u>(67,636,055)</u>	<u>(145,397,163)</u>
Funds held in trust at end of year	<u>\$ 860,527,210</u>	<u>\$ 928,163,265</u>

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

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS DECEMBER 31, 2004

1. Introduction

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

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

2. Significant Accounting Policies

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

3. Funds Held in Trust

Funds held in trust include amounts in the construction, debt service and debt service reserve funds and the renewal and replacement accounts established for each bond issue. Balances maintained in the construction funds represent unexpended proceeds allocated for specific projects; the debt service fund, debt service reserve fund, and renewal and replacement account balances represent amounts reserved for payment of debt service and the renewal and replacement of major components of projects as required by the provisions of the various series resolutions. The following is a schedule of the aggregate funds held in trust as of December 31, 2004 and 2003:

	2004	2003
Construction funds	\$690,072,948	\$761,614,566
Debt service funds	16,079,795	24,592,801
Debt service reserve funds	127,401,152	115,873,654
Renewal and replacement accounts	26,973,315	26,082,244
	<u>\$860,527,210</u>	<u>\$928,163,265</u>

4. Cash and Investments

Investments permitted in the Trustee Held Funds are authorized by the respective Bond Resolutions. All funds held by the trustees may be invested in obligations of, or guaranteed by, the United States Government. In addition, certain funds may be invested in: obligations of agencies of the U.S. government; obligations of, or guaranteed by, the State of New Jersey; collateralized certificates of deposit and repurchase agreements; commercial paper; and other securities which shall be authorized for the investment of funds in the custody of the Treasurer of the State of New Jersey.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

4. Cash and Investments (continued)

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

	2004	2003
Investments:		
Collateralized investment agreements	\$479,558,271	\$ 1,705,000
U.S. Treasury and agency obligations	497,975,952*	1,043,183,988*
Total investments	\$977,534,223	\$1,044,888,988

* Includes \$351,421,380 and \$880,724,190 of investments in pooled U.S. Treasury funds at December 31, 2004 and 2003, respectively, which are uncategorized.

5. Loans and Leases Receivable

Since its inception, the Authority has issued obligations of \$7,370,035,749 and \$6,703,335,749 as of December 31, 2004 and 2003, respectively, for the benefit of various public and private institutions of higher education. The obligations are secured by loans, mortgages, leases and other agreements, the terms of which generally correspond to the amortization of the related bond issues.

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

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

5. Loans and Leases Receivable (continued)

Restricted fund receivables comprise the following:

	December 31	
	2004	2003
Loans:		
Drew University	\$ 730,000	\$ 2,162,500
Institute for Advanced Study	47,625,000	49,140,000
Princeton University	827,607,500	718,515,000
Mortgages:		
Beth Medrash Govoha	7,967,500	8,097,500
Bloomfield College	5,985,000	6,072,500
Caldwell College	12,545,000	12,872,500
Centenary College	13,750,000	14,655,000
College of Saint Elizabeth	11,080,000	11,327,272
Drew University	42,640,000	43,865,000
Fairleigh Dickinson University	112,867,500	112,945,000
Felician College	11,139,000	11,464,000
Georgian Court University	19,802,500	20,407,500
Institute for Defense Analyses	16,220,000	16,695,000
Monmouth University	23,327,500	24,757,500
New Jersey Institute of Technology	144,395,000	149,460,000
Princeton Theological Seminary	44,987,500	45,770,000
Rider University	40,957,500	27,572,500
Saint Peter's College	31,702,500	32,802,500
Seton Hall University	100,792,500	106,952,500
Stevens Institute of Technology	80,650,000	71,307,500
University of Medicine and Dentistry of New Jersey	129,125,000	137,925,000
Leases:		
Bloomfield College	130,837	163,551
Felician College	100,707	244,966
Kean University	106,720,000	109,150,000
Montclair State University	251,953,500	164,623,500
New Jersey City University (formerly Jersey City State College)	89,835,000	91,460,000
Ramapo College of New Jersey	203,592,164	150,545,127
Richard Stockton College of New Jersey	43,264,000	46,206,500
Rider University	1,502,380	2,041,528
Rowan University (formerly Glassboro State College)	286,160,000	230,425,000
Rutgers, The State University	1,417,500	1,772,500
Saint Peter's College	216,382	315,889
The College of New Jersey (formerly Trenton State College)	335,812,500	338,197,500
William Paterson University of New Jersey	113,925,000	88,115,000
Equipment Leasing Fund	59,200,000	74,585,000
Higher Education Capital Improvement Fund	515,035,000	447,885,000
Higher Education Facilities Trust Fund	108,570,000	123,635,000
Higher Education Technology Infrastructure Fund	23,050,000	28,180,000
County College Capital Projects Fund	20,470,000	25,430,000
Dormitory Safety Trust Fund	68,510,000	73,925,287
Library Grant Program	45,000,000	45,000,000
	<u>\$4,000,361,470</u>	<u>\$3,666,667,620</u>

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable

Bonds, notes and leases payable comprise the following:

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2004	2003
Bonds Payable					
Beth Medrash Govoha:					
2000 Series G	\$ 8,505,000	7/1/2030	6.720%	\$ 8,035,000	\$ 8,160,000
Bloomfield College:					
2000 Series A	6,270,000	7/1/2030	6.978%	6,030,000	6,115,000
Caldwell College:					
1995 Series A	4,800,000	7/1/2025	7.385%	4,255,000	4,340,000
2000 Series B	9,235,000	7/1/2025	Variable	8,335,000	8,575,000
Centenary College:					
2003 Series A	14,775,000	10/1/2033	Variable	13,750,000	14,655,000
Drew University:					
1997 Series B	9,140,000	3/1/2005	4.787%	1,460,000	2,865,000
1998 Series C	27,935,000	7/1/2017	4.936%	22,410,000	23,610,000
2003 Series C	20,855,000	7/1/2021	3.888%	20,855,000	20,855,000
Dormitory Safety Trust Fund:					
Series 2001 A	67,970,000	3/1/2016	4.239%	58,260,000	63,115,000
Series 2001 B - taxable	5,800,000	3/1/2016	6.117%	4,970,000	5,385,000
Series 2003 A	5,440,000	3/1/2018	3.752%	5,280,000	5,440,000
Equipment Leasing Fund:					
Series 2001 A	87,385,000	9/1/2009	3.089%	48,420,000	61,965,000
Series 2003 A	12,620,000	9/1/2011	2.517%	10,780,000	12,620,000
Fairleigh Dickinson University:					
1993 Series C	40,000,000	7/1/2023	6.735%	—	34,920,000
1998 Series G	16,615,000	7/1/2028	5.796%	14,585,000	15,055,000
2002 Series D	63,650,000	7/1/2032	6.114%	63,650,000	63,650,000
2004 Series C	35,285,000	7/1/2023	5.534%	35,285,000	—
Felician College:					
1997 Series D	10,550,000	11/1/2022	7.375%	9,465,000	9,715,000
1997 Series D - taxable	2,000,000	11/1/2017	Variable	1,674,000	1,749,000
Georgian Court University:					
1998 Series, Project B	6,455,000	7/1/2015	4.198%	4,955,000	5,430,000
2003 Series, Project C	15,215,000	7/1/2033	5.991%	15,215,000	15,215,000
Higher Education Facilities Trust Fund:					
Series 1995 A	220,000,000	9/1/2010	5.063%	108,570,000	123,635,000

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2004	2003
Bonds Payable (continued)					
Higher Education Technology Infrastructure Fund:					
Series 1998 A	\$ 55,000,000	9/1/2008	4.518%	\$ 23,050,000	\$ 28,180,000
Higher Education Capital Improvement Fund:					
Series 2000 A	132,800,000	9/1/2020	5.242%	115,775,000	120,335,000
Series 2000 B	145,295,000	9/1/2020	5.003%	127,945,000	132,960,000
Series 2002 A	194,590,000	9/1/2022	4.599%	194,590,000	194,590,000
Series 2004 A	76,725,000	9/1/2024	4.352%	76,725,000	-
Institute for Advanced Study:					
1997 Series F	16,310,000	7/1/2021	5.111%	12,805,000	13,600,000
1997 Series G	26,565,000	7/1/2028	5.111%	24,220,000	24,735,000
2001 Series A	11,000,000	7/1/2031	5.101%	10,600,000	10,805,000
Institute for Defense Analyses:					
2000 Series D	16,695,000	10/1/2030	Variable	16,220,000	16,695,000
New Jersey City University (formerly Jersey City State College):					
Series 1977 C	8,570,000	7/1/2010	6.290%	2,975,000	3,370,000
Series 1995 C	2,175,000	7/1/2007	4.671%	740,000	965,000
Series 1998 E	6,945,000	7/1/2028	5.165%	6,315,000	6,455,000
Series 1999 B	17,795,000	7/1/2025	4.807%	15,910,000	16,465,000
Series 2002 A	15,115,000	7/1/2032	4.949%	14,575,000	14,850,000
Series 2003 A	47,850,000	7/1/2032	Variable	47,850,000	47,850,000
Series 2003 B	2,300,000	7/1/2018	5.659%	2,300,000	2,300,000
Kean University:					
Series 1974 B	7,960,000	7/1/2008	6.272%	1,895,000	2,305,000
Series 1993 G	8,770,000	7/1/2018	4.965%	5,545,000	5,815,000
Series 1998 A & B	25,995,000	7/1/2027	4.872%	19,985,000	21,335,000
Series 2001 A	6,465,000	7/1/2016	4.474%	5,535,000	5,885,000
Series 2003 D	75,000,000	7/1/2033	4.811%	75,000,000	75,000,000
Library Grant Program:					
Series 2002 A	45,000,000	9/1/2022	4.560%	45,000,000	45,000,000
Monmouth University:					
1993 Series A	14,365,000	7/1/2013	5.538%	8,415,000	9,105,000
1997 Series C	12,910,000	7/1/2022	5.732%	9,055,000	9,350,000
1998 Series D	8,815,000	7/1/2024	5.225%	6,590,000	7,000,000

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	
				2004	2003
Bonds Payable (continued)					
Montclair State University:					
Series 1972 B	\$ 5,415,000	7/1/2007	5.926%	\$ 1,020,000	\$ 1,320,000
Series 1974 D	6,425,000	7/1/2008	6.173%	1,620,000	1,965,000
Series 1977 A	1,720,000	7/1/2008	6.263%	405,000	495,000
Series 1977 B	988,000	7/1/2008	3.000%	180,000	222,000
Series 1995 F	4,780,000	7/1/2025	5.517%	110,000	4,235,000
Series 1996 C	18,845,000	7/1/2012	5.356%	11,445,000	12,570,000
Series 1996 D	9,575,000	7/1/2012	5.358%	5,830,000	6,395,000
Series 1997 D	10,960,000	7/1/2027	5.007%	9,665,000	9,890,000
Series 1997 E	9,965,000	7/1/2021	5.007%	8,155,000	8,465,000
Series 2001 F	18,695,000	7/1/2031	5.072%	18,695,000	18,695,000
Series 2002 F	78,500,000	7/1/2032	Variable	78,500,000	78,500,000
Series 2003 E	23,425,000	7/1/2033	Variable	23,425,000	23,425,000
Series 2003 L	94,540,000	7/1/2034	4.541%	94,540,000	—
New Jersey Institute of Technology:					
Series 1994 A	56,460,000	7/1/2024	6.136%	—	48,305,000
Series 1995 E	33,230,000	7/1/2025	5.408%	—	30,000,000
Series 2001 G	62,335,000	7/1/2031	4.932%	60,580,000	61,215,000
Series 2001 H – taxable	12,570,000	7/1/2016	6.259%	10,935,000	11,545,000
Series 2004 B	73,530,000	7/1/2025	4.016%	73,530,000	—
Princeton Theological Seminary:					
1997 Series A	22,485,000	7/1/2022	4.988%	19,350,000	20,030,000
2002 Series G	26,125,000	7/1/2032	4.824%	26,035,000	26,125,000
Princeton University:					
1994 Series A	46,060,000	7/1/2024	5.843%	—	2,855,000
1995 Series C	28,865,000	7/1/2025	5.078%	4,955,000	7,310,000
1996 Series C	24,530,000	7/1/2006	4.858%	—	2,735,000
1997 Series E	22,150,000	7/1/2007	4.423%	—	2,355,000
1998 Series E	19,010,000	7/1/2024	4.873%	16,320,000	16,820,000
1998 Series F	40,000,000	7/1/2018	4.438%	8,385,000	12,015,000
1999 Series A	45,500,000	7/1/2029	4.798%	41,140,000	42,030,000
1999 Series B	50,000,000	7/1/2019	4.980%	16,210,000	18,070,000
2000 Series E	50,000,000	7/1/2020	5.355%	16,185,000	17,865,000

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31	2004	2003
Bonds Payable (continued)						
Princeton University (continued):						
2000 Series H	\$100,000,000	7/1/2030	5.336%	\$ 68,170,000	\$ 69,850,000	
2001 Series B	100,000,000	7/1/2021	Variable	90,700,000	94,200,000	
2002 Series B	100,000,000	7/1/2031	Variable	93,805,000	96,975,000	
2003 Series D	114,495,000	7/1/2019	3.727%	112,835,000	114,495,000	
2003 Series E	112,510,000	7/1/2028	3.944%	110,370,000	112,510,000	
2003 Series F	75,000,000	7/1/2023	Variable	72,210,000	75,000,000	
2004 Series D	175,000,000	7/1/2029	4.497%	175,000,000	—	
Ramapo College of New Jersey:						
Series 1998 G	16,845,000	7/1/2028	4.832%	15,155,000	15,500,000	
Series 1998 H	2,000,000	7/1/2013	4.309%	1,385,000	1,510,000	
Series 1998 I	955,000	7/1/2008	4.044%	450,000	550,000	
Series 1999 E	19,900,000	7/1/2029	5.774%	2,065,000	19,245,000	
Series 2001 D	40,480,000	7/1/2031	5.105%	39,735,000	40,480,000	
Series 2001 E	2,535,000	7/1/2008	4.037%	1,535,000	1,885,000	
Series 2002 H	28,655,000	7/1/2032	4.485%	28,580,000	28,610,000	
Series 2002 I	2,145,000	7/1/2032	4.485%	2,045,000	2,085,000	
Series 2002 J	29,620,000	7/1/2032	4.485%	29,550,000	29,580,000	
Series 2003 F	1,820,000	7/1/2013	3.257%	1,820,000	1,820,000	
Series 2003 G	9,300,000	7/1/2013	3.110%	9,300,000	9,300,000	
Series 2003 H	18,930,000	7/1/2029	4.346%	18,930,000	—	
Series 2004 E	53,980,000	7/1/2034	4.630%	53,980,000	—	
Richard Stockton College of New Jersey:						
Series 1973 D	5,700,000	7/1/2008	5.885%	1,340,000	1,630,000	
Series 1988 A	3,294,000	7/1/2016	3.000%	1,609,000	1,724,000	
Series 1993 F	6,690,000	7/1/2023	5.356%	5,475,000	5,635,000	
Series 1996 B	1,680,000	7/1/2006	4.774%	400,000	590,000	
Series 1996 F	19,280,000	7/1/2027	5.494%	18,160,000	18,550,000	
Series 1998 C	13,110,000	7/1/2028	5.089%	12,145,000	12,405,000	
Series 2002 B	8,340,000	7/1/2010	3.482%	5,595,000	7,155,000	
Rider University:						
1971 Series A	3,700,000	7/1/2009	6.895%	1,105,000	1,285,000	
2002 Series A	27,560,000	7/1/2017	4.709%	25,955,000	26,800,000	
2004 Series A	14,735,000	7/1/2034	5.301%	14,735,000	—	

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2004	2003
Bonds Payable (continued)					
Rowan University (formerly Glassboro State College):					
Series 1971 A	\$ 1,205,000	7/1/2005	6.245%	\$ 90,000	\$ 175,000
Series 1974 E	6,080,000	7/1/2009	6.944%	1,835,000	2,140,000
Series 1983 D	3,500,000	7/1/2013	3.000%	1,450,000	1,590,000
Series 1997 B	6,770,000	7/1/2026	5.346%	5,840,000	6,010,000
Series 1997 C	9,035,000	7/1/2021	5.524%	7,740,000	8,020,000
Series 2000 B	51,620,000	7/1/2030	5.566%	49,855,000	50,760,000
Series 2001 B	8,790,000	7/1/2031	5.025%	8,330,000	8,490,000
Series 2001 C	60,930,000	7/1/2031	4.943%	54,480,000	56,145,000
Series 2002 K	14,920,000	7/1/2033	4.866%	14,650,000	14,920,000
Series 2003 I	64,910,000	7/1/2030	4.714%	64,910,000	64,910,000
Series 2003 J	4,555,000	7/1/2008	2.258%	4,330,000	4,555,000
Series 2003 K	14,700,000	7/1/2033	Variable	14,700,000	14,700,000
Series 2004 C	61,275,000	7/1/2034	4.697%	61,275,000	—
Rutgers, The State University:					
Series 1974 A	6,725,000	7/1/2008	5.945%	1,600,000	1,945,000
Saint Peter's College: 1998 Series B					
	36,815,000	7/1/2027	5.514%	32,265,000	33,340,000
Seton Hall University:					
1996 Series, Project E	20,800,000	7/1/2019	5.804%	19,800,000	19,905,000
1998 Series, Project F	7,620,000	7/1/2021	5.189%	7,620,000	7,620,000
1999 Refunding Series	50,450,000	7/1/2018	5.122%	42,500,000	45,170,000
2001 Refunding Series A	22,840,000	7/1/2016	4.314%	15,545,000	18,140,000
2001 Refunding Series B	11,600,000	7/1/2016	4.314%	9,735,000	10,390,000
2001 Series Project G	8,740,000	7/1/2026	4.598%	8,740,000	8,740,000
Stevens Institute of Technology:					
1998 Series I	17,000,000	7/1/2028	5.109%	15,535,000	16,285,000
2002 Series C	59,585,000	7/1/2032	5.228%	53,210,000	57,585,000
2004 Series B	13,265,000	7/1/2034	5.550%	13,265,000	—
The College of New Jersey (formerly Trenton State College):					
Series 1972 A	9,270,000	7/1/2007	5.952%	1,740,000	2,255,000
Series 1976 D	5,580,000	7/1/2008	6.853%	1,500,000	1,815,000
Series 1999 A	146,455,000	7/1/2029	4.948%	144,855,000	144,855,000
Series 2002 C	53,155,000	7/1/2019	4.480%	50,395,000	51,880,000
Series 2002 D	138,550,000	7/1/2035	4.167%	138,550,000	138,550,000

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

Issue	Original Issue Amount	Final Maturity Date	Net Effective Interest Rate	Amount Outstanding December 31 2004	Amount Outstanding December 31 2003
Bonds Payable (continued)					
The College of Saint Elizabeth:					
2000 Series C	\$ 12,000,000	7/1/2030	Variable	\$ 11,200,000	\$ 11,400,000
University of Medicine and Dentistry of New Jersey:					
Series 1995 B	143,645,000	12/1/2025	5.319%	114,710,000	123,225,000
Series 1999 C	15,720,000	12/1/2029	5.321%	14,415,000	14,700,000
William Paterson University of New Jersey:					
Series 1974 C	4,025,000	7/1/2008	6.272%	955,000	1,160,000
Series 1976 A	5,685,000	7/1/2009	7.644%	1,925,000	2,230,000
Series 1981 B	5,000,000	7/1/2011	3.000%	1,670,000	1,880,000
Series 1998 D	6,575,000	7/1/2021	4.994%	5,785,000	5,990,000
Series 1999 D	12,785,000	7/1/2019	5.162%	10,945,000	11,435,000
Series 2000 A	26,425,000	7/1/2030	5.515%	25,325,000	25,715,000
Series 2002 E	42,125,000	7/1/2027	4.714%	39,845,000	41,370,000
Series 2004 A	30,035,000	7/1/2028	4.131%	29,655,000	—
Notes Payable					
Princeton University:					
Various Commercial Paper	120,000,000*	N/A	Variable	14,000,000	45,600,000
Leases Payable					
Bloomfield College	315,000	4/1/2008	5.900%	130,837	163,551
Felician College	897,000	8/29/2005	5.550%	100,707	244,966
Ramapo College	1,377,090	10/1/2010	Various	792,164	1,040,128
Rider University	4,819,851	3/15/2007	6.221%	1,502,380	2,041,528
St. Peter's College	663,000	8/3/2006	5.630%	216,382	315,889
Treasurer, State of New Jersey,					
Series 1999 A	19,295,000	9/1/2014	4.705%	3,490,000	6,980,000
Atlantic County, Series 1999 B	3,045,000	9/1/2009	4.799%	1,680,000	1,975,000
Essex County, Series 1999 C	4,570,000	9/1/2014	5.177%	3,375,000	3,630,000
Hudson County, Series 1999 D	7,750,000	9/1/2014	5.177%	5,720,000	6,160,000
Middlesex County, Series 1999 E	4,370,000	9/1/2014	5.053%	3,220,000	3,470,000
Passaic County, Series 1999 F	2,015,000	9/1/2014	5.125%	1,480,000	1,595,000
Hudson County Community College (Chapter 78), Series 1999 G	2,035,000	9/1/2014	5.177%	1,505,000	1,620,000
				\$4,037,190,470	\$3,701,671,062

* Maximum authorized amount.

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

6. Bonds, Notes and Leases Payable (continued)

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

2005	\$ 152,715,941
2006	160,400,235
2007	170,164,177
2008	162,584,002
2009	156,625,946
Thereafter	<u>3,234,700,169</u> <u>\$4,037,190,470</u>

7. Refunded Bond Issues

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

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

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

2004 NJEFA FINANCIAL STATEMENTS AND SUPPLEMENTAL FINANCIAL INFORMATION

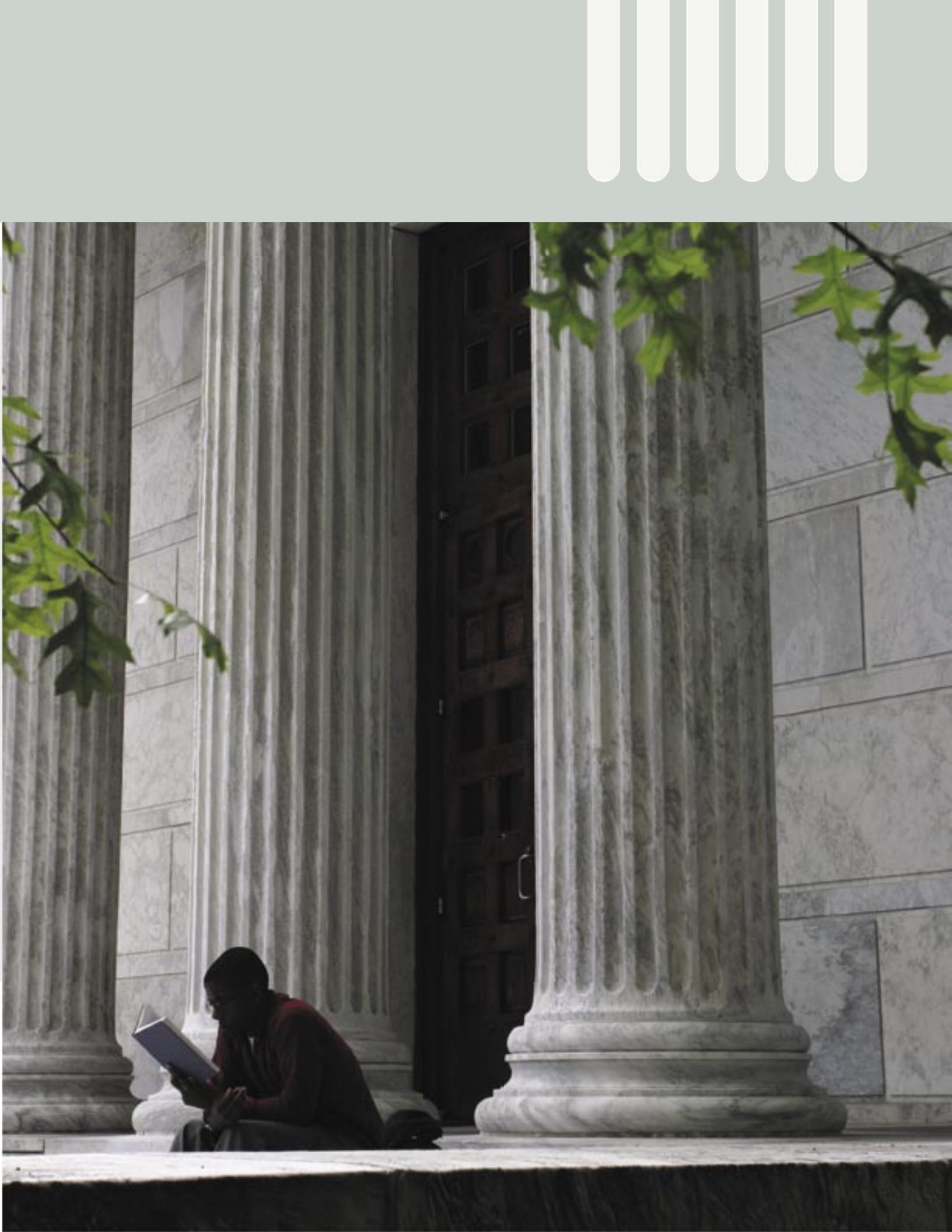
NOTES TO SUPPLEMENTAL FINANCIAL STATEMENTS (CONTINUED)

7. Refunded Bond Issues (continued)

Refunded bonds outstanding at December 31, 2004 comprise the following:

Issue	Principal Amount Outstanding December 31, 2004	Refunded Issues		Debt Service Savings	Date of Issuance	Refunding Issues		Original Amount of Issue
		Principal Amount Refunded	Call Date			Issue	Date of Issuance	
Princeton University Issues								
1994 Series A	\$ -	\$ 5,235,000	7/1/2004	\$ 5,434,717	10/23/03	2003 Series D	10/23/03	\$114,495,000
1995 Series C	5,870,000	5,870,000	7/1/2005					
1996 Series C	-	5,915,000	1/1/2004					
1997 Series E	-	7,745,000	7/1/2004					
1998 Series F	11,710,000	11,710,000	7/1/2005					
1999 Series B	25,440,000	25,440,000	7/1/2009					
2000 Series E	27,615,000	27,615,000	7/1/2010					
2000 Series H	26,700,000	26,700,000	7/1/2010					
New Jersey City University (formerly Jersey City State College) Issues								
1995 Series A	1,990,000	2,2450,000	7/1/2005	1,163,732	3/31/99	Series 1999 B	17,795,000	
The College of New Jersey Issues								
1994 Series B	-	24,090,000	7/1/2004	6,271,500	4/26/99	Series 1999A	146,455,000	
1996 Series A	75,185,000	75,185,000	7/1/2006					
Rowan University (formerly Glassboro State College) Issues								
1993 Series A	-	8,450,000	7/1/2003	1,629,416	4/10/01	Series 2001 C	60,930,000	
1996 Series E	35,285,000	38,635,000	7/1/2006					
Princeton Theological Seminary Issue								
1996 Series B	16,210,000	16,210,000	7/1/2006	345,011	1/22/03	2002 Series G	26,125,000	
Montclair State University Issue								
1995 Series F	4,020,000	4,020,000	7/1/2005	193,059	1/15/04	Series 2003 L	94,540,000	
Ramapo College of New Jersey Issue								
1999 Series E	16,825,000	16,825,000	7/1/2009	554,426	1/29/04	Series 2003 H	18,930,000	
New Jersey Institute of Technology Issues								
Series 1994 A	-	47,080,000	7/1/2004	9,078,610	4/5/2004	Series 2004 B	73,530,000	
Series 1995 E	29,260,000	29,260,000	7/1/2005					





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