

# Fitch Ratings

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June 28, 2005

Mr. Mark E. Acker, Director  
Monmouth County  
1 East Main Street  
Hall of Records  
Freehold, NJ 07728-1256

Dear Mr. Acker:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on the attached Notice of Rating Action.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Sincerely,



David T. Litvack  
Managing Director  
U.S. Public Finance

DTL/em

Enc: Notice of Rating Action  
(Doc ID: 6309)

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## Notice of Rating Action

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<u>Bond Description</u>	<u>Par Amount</u>	<u>Rating Type</u>	<u>Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Monmouth County (NJ) GO bonds ser 2005	\$30,000,000	Long Term	New Rating	AAA	RO:Sta	08-Jun-2005	
Monmouth County (NJ) outstanding GO bonds	\$325,000,000	Long Term	Affirmed	AAA	RO:Sta	08-Jun-2005	
Monmouth County (NJ) Improvement Authority bonds (county guaranteed)	\$33,000,000	Long Term	Affirmed	AAA	RO:Sta	08-Jun-2005	

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**Key:** RO: Rating Outlook, RW: Rating Watch; Pos: Positive; Neg: Negative; Sta: Stable; Evo: Evolving

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Tax Supported  
New Issue

## Monmouth County, New Jersey

### Ratings

#### New Issue

General Obligation Bonds,  
Series 2005 ..... AAA

#### Outstanding Debt

General Obligation Bonds ..... AAA  
County-Guaranteed Capital  
Equipment Pooled Lease  
Revenue Bonds\* ..... AAA  
County-Guaranteed Recreational  
Facilities Revenue Bonds\* ..... AAA  
County-Guaranteed Correctional  
Facilities Revenue Bonds\* ..... AAA

Rating Outlook ..... Stable

\*Issued by the Monmouth County Improvement Authority.

### Analyst

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### Issuer Contact

Mark E. Acker  
County Finance Director  
1 732 431-7391

### Issuer Web Site

[www.shore.co.monmouth.nj.us](http://www.shore.co.monmouth.nj.us)

### New Issue Details

Approximately \$30,000,000 General Obligation Bonds, Series 2005, are scheduled to sell competitively on or about June 16. The bonds mature serially Dec. 1, 2006–2020.

**Security:** The bonds are secured by the county's full faith and credit pledge and are payable from ad valorem taxes without limitation as to rate or amount.

**Purpose:** Bond proceeds will be used to fund open space acquisition throughout the county.

### ■ Outlook

The 'AAA' rating reflects Monmouth County's solid financial management resulting in continued strong operations and financial flexibility, stable growth in its wealthy tax base, and low direct debt levels with rapid amortization. Monmouth County continues to experience positive employment growth and office vacancy rates well below the state average. Fund balances continued to grow in 2004 due to the county's conservative budget practices, expenditure controls, and healthy flow of revenue driven by a vibrant property tax base. The county's capital improvement program (CIP) has expanded but remains affordable, and although primarily debt funded, debt levels should remain moderate given the county's conservative debt policies, including rapid amortization rates. The Rating Outlook is Stable.

### ■ Rating Considerations

Monmouth County is located along the northern Atlantic shore of New Jersey, 50 miles outside New York City. The 2000 census revealed an 11.3% population increase over that of 1990, and the 2003 estimate of 622,986 exceeded state growth trends. Overall, employment, while still dominated by health care and retail, is diversifying, with significant gains in the construction, transportation/utilities, and finance sectors. Of recent note is the inclusion of Fort Monmouth on the pentagon's base realignment and closure (BRAC) list. The base is located across five towns in the county and is the county's third largest employer. While the base closure is not imminent as the list will finalize later this year, Fitch believes the county's ability to withstand the base closure is strong. The 5,500 employed at the base represent a relatively small portion of the county's overall civilian labor force, which totaled 338,428 in 2004, and the county's economy is deeply diversified, enhancing the county's ability to absorb the potential displacement of highly skilled civilian workers.

Furthermore, demand for developable land is high, as the county has consistently topped other counties in construction activity over the past decade. The county's wealthy property tax base has expanded steadily and remains primarily residential at 82.3%. The assessable base grew a strong 8.6% annually over the past five years. Income levels remain high, as indicated by the county's market value per capita of \$144,686 in 2003, up 35% in one year. The county's unemployment rate of 4.2% in 2004 was below the state's and nation's 4.8% and 5.5%, respectively.

The county's financial position is excellent. The 2004 unaudited unreserved fund balance was \$78.7 million, or 18.1% of expenditures. Overall, fund balances over the past five years have increased 7.2% on an average annual basis, supported by conservative budgeting and expenditure controls. Additionally, the strong housing market continues to boost revenues in the current fund, greatly mitigating any budget constraints due to decreased investment income and rising

insurance costs. Like all counties in New Jersey, Monmouth County is guaranteed 100% property tax remittance by the municipalities, and in 2005, property tax revenues represented 62% of the county budget. The county maintains further financial flexibility through continued pay-as-you-go capital contributions, which averaged a healthy 3.5% of spending through 2004. The 2005 budget appropriations represent a manageable 4.7% growth rate over the 2004 budget and are 3.8% above 2004 unaudited results.

The county's direct debt burden is low at \$518 per capita and 0.36% of equalized value (EV). Debt levels are more moderate, on an overall basis, with debt of \$2,899 per capita and 2.0% of EV. The county amortizes its debt very rapidly, pursuant to county resolution. Amortization rates are above the 70% policy, with 94% retired in 10 years. The six-year CIP totals \$356.3 million, an increase of 19.3% over last year's CIP. The increased costs are associated with

conservative assumptions regarding rising construction material costs. While the county plans to fund the majority of the CIP with bonds, direct debt levels should remain affordable.

### ■ Strengths

- Continued strong financial management, flexibility, and operations.
- Low-to-moderate debt levels, with rapid amortization.
- Above-average wealth and a growing tax base, with 100% of tax collections guaranteed by underlying municipalities.
- Solid long-term growth in population and a diversifying economic base.

### ■ Risks

- Minimal.