



Moody's Investors Service

99 Church Street
New York, New York 10007

July 11, 2001

Mr. Mark E. Acker
Director of Finance
Monmouth County, New Jersey
P.O. Box 1256
Freehold, NJ 07728-1256

Dear Mr. Acker:

We wish to inform you that on June 22, 2001 Moody's Rating Committee assigned an Aaa rating on the County of Monmouth's General Obligation Bonds, Series 2001.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, including annual financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating as well as any revisions or withdrawals thereof will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's rating desk.

Should you have any questions regarding the above, please do not hesitate to contact the analyst or me assigned to this transaction, Ed Krauss at (212) 553-0822.

Sincerely,

Linda Hird Lipnick
Senior Vice President

LHL:tm

cc: William Cobbs, President
Public Resources Advisory Group
40 Rector Street, Suite 1600
New York, NY 10006



Monmouth (County of) NJ

Contacts

Ed Krauss	212-553-0822
Helen Cregger	212-553-4559

Moody's Rating

Issue	Rating
General Obligation Bonds, Series 2001	Aaa
Sale Amount	\$36,000,000
Expected Sale Date	07/11/01
Rating Description	General Obligation Bonds

MOODY'S ASSIGNS Aaa RATING TO MONMOUTH COUNTY, NJ GENERAL OBLIGATION BONDS, SERIES 2001

RATING AFFECTS \$340 MILLION BONDS

Opinion

Moody's Investors Service has assigned a Aaa rating and stable outlook to Monmouth County's \$36 million issuance of General Obligation Bonds, Series 2001. At this time, Moody's has also affirmed the Aaa rating on parity debt obligations of approximately \$300 million which includes county general obligation debt, the Monmouth County Improvement Authority's Pooled Equipment Lease Revenue bonds, Correctional Facilities bonds, and Recreational Facilities Revenue bonds based on the irrevocable county pledge ensuring timely payment of principal and interest. The current issue will fund various capital projects throughout the county. The prime rating and stable outlook reflects the county's sound financial operations, substantial and expanding local tax base, and favorable debt position.

STRONG FINANCIAL OPERATIONS RESULTING IN GROWING RESERVE LEVELS.

Moody's expects that conservatively managed fiscal operations will continue to support ample financial reserves given a trend of prudent budgetary assumptions and modest expenditure growth. Despite budgeting for use of a portion of its reserves in each fiscal year, the county has consistently reported strong fund balances with annual operating surpluses increasing reserves to 16.5% of Current Fund revenues in FY00; a similar result is expected for 2001. Furthermore, sustained ratable growth has enabled the county to modestly reduce tax rates, while still maintaining a growing tax levy, which represented 57% of FY 2000 total revenues. Since property taxes are required to be remitted in full to the county by the underlying localities, the county is ensured a high level of predictability for its major revenue source.

RAPIDLY GROWING POPULATION LEADS TO EXPANDING TAX BASE.

Moody's believes the county's substantial, \$50 billion tax base, will continue to benefit from moderate annual growth given continued demand for residential and commercial development, particularly in the western part of the county. In addition, Moody's expects growth to be sustained by redevelopment activities that are occurring in some of the more densely settled municipalities along the oceanfront. Active residential development is being supported by steady population increases (up over 11% since 1990 to 615,301), making the county one of the fastest growing in the state. Furthermore, full valuation has increased over 20% in the last 3 years and full value per capita now exceeds \$84,000. Vacancy rates across all business sectors appear very low, with Class A space at a reported 1.2% vacancy. This has created continued demand for substantial new office space. Moody's anticipates this activity should continue to provide numerous employment opportunities within the county where unemployment rates are remain very low (3.3% as of April 2001).

FAVORABLE DEBT POSITION EXPECTED TO REMAIN STABLE.

Moody's believes that the county's debt profile is strongly evidenced by a moderate debt burden of 2.8%, including a very low 0.6% direct debt, and rapid debt amortization of 87% in ten years. We further anticipate that future taxable growth and rapid principal retirement will mitigate the impact of the county's capital borrowing plan, allowing the county to layer in an estimated \$25 - \$30 million of new debt needed annually over the next six years with minimal change in debt burden. The \$156 capital plan through 2006 addresses infrastructure needs related to the expanding residential and commercial tax base with roads and bridges accounting for the county's primary capital need. The county also expects a sizable amount of state grants for its capital plan to mitigate future borrowing needs.

STABLE COUNTY SOLID WASTE SYSTEM

Moody's expects the county's solid waste landfill operations to remain stable given competitive tip fees, adequate reserve levels and enforcement actions to maintain flow levels. The county has \$21 million of general obligation debt outstanding for this utility system, and while tipping fees are more than adequate to cover debt service requirements, the use of Utility Fund reserves were required to cover total operating costs. While no support has been needed from General Fund operations, the county is exploring the implementation of a separate county-wide tax to bring annual revenues in-line with expenditures. This action would require state legislative approval. Nonetheless, Moody's believes if General Fund transfers were needed to support landfill operations in the future, the modest level of resources required would have minimal impact on the county's financial position.

Outlook

Moody's stable outlook reflects our expectation that the county will continue to benefit from conservative fiscal management, ample reserves, and a growing local tax base.

KEY STATISTICS

2000 population: 615,301 (+11.2% since 1990)

2001 full valuation: \$51.9 billion

Overall debt burden: 2.8%

Direct debt burden: 0.6%

Payout of principal (10 years): 87%

FY 2000 General Fund balance: \$58.3 million (16.5% of General Fund revenues)

© Copyright 2001 by Moody's Investors Service, 99 Church Street, New York, NY 10007. All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS COPYRIGHTED IN THE NAME OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S"), AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by **MOODY'S** from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and **MOODY'S**, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall **MOODY'S** have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of **MOODY'S** or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if **MOODY'S** is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, **MOODY'S** hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by **MOODY'S** have, prior to assignment of any rating, agreed to pay to **MOODY'S** for appraisal and rating services rendered by it fees ranging from \$1,000 to \$1,500,000.

MADE IN U.S.A