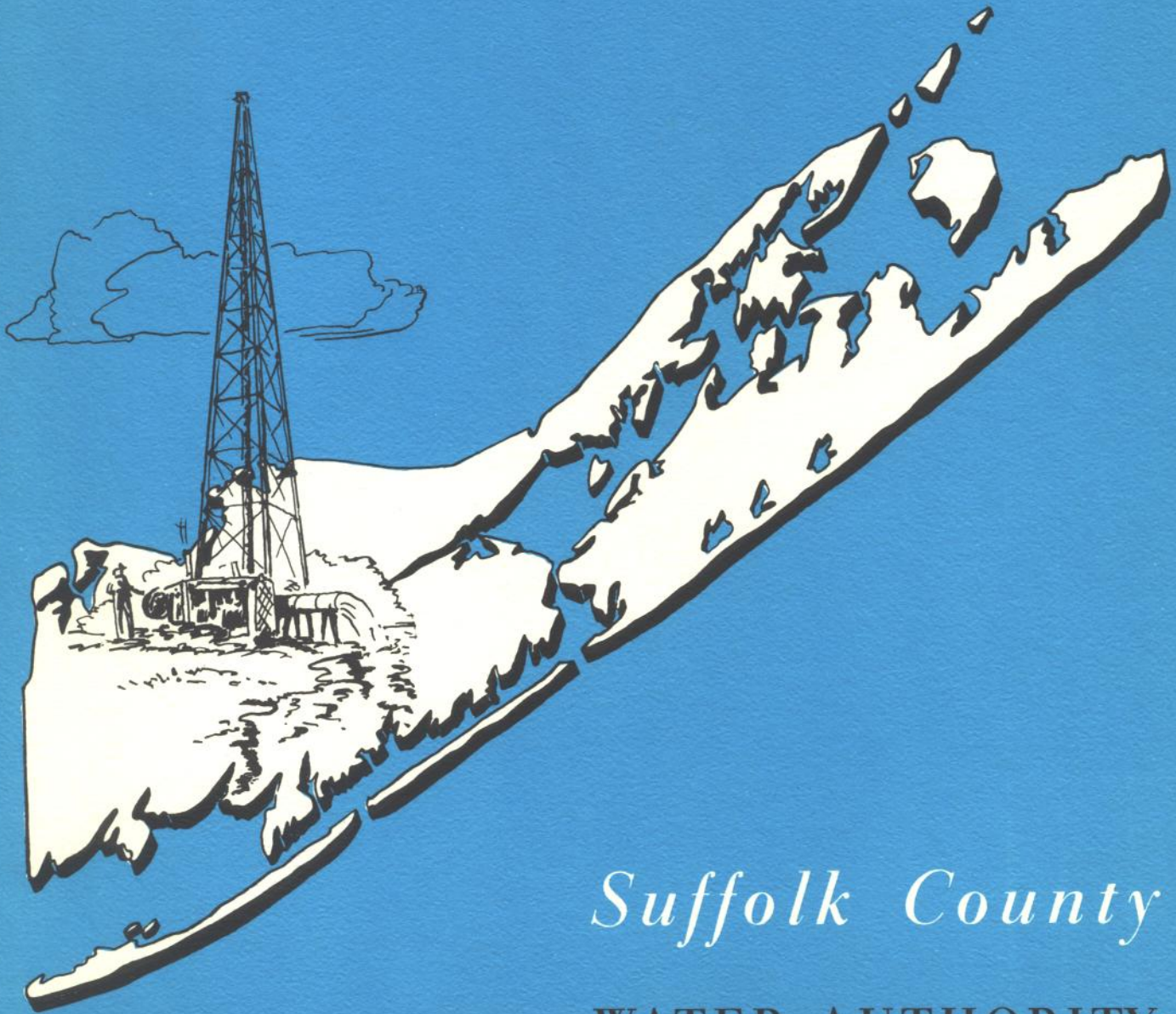


ANNUAL REPORT

FOR THE YEAR ENDED MAY 31,

1954



Suffolk County

WATER AUTHORITY

Suffolk County Water Authority

BRIGHTWATERS, N. Y.

AUTHORITY MEMBERS

FRANKLIN S. KOONS, *Chairman*

HARRY PAUL FISHEL, *Secretary*

CARLL S. BURR, JR., *Treasurer*

T. BAYLES MINUSE

CHARLES W. FRIEMAN

N. F. FENN	. . . . .	<i>General Manager</i>
HOMER F. GARDNER	. . . . .	<i>Chief Engineer</i>
DAVID L. GLICKMAN	. . . . .	<i>Counsel</i>
J. LEONARD NEWMAN	. . . . .	<i>Chief Accountant</i>
WILLIAM V. BURNELL	. . . . .	<i>Consulting Engineer</i>
STONE & WEBSTER ENGINEERING CORPORATION, NEW YORK	. . . . .	<i>Advisory Engineer</i>
UNITED STATES TRUST COMPANY OF NEW YORK	. . . . .	<i>Fiscal Agent</i>



Annual Report

FOR THE YEAR ENDED MAY 31,

1954

Suffolk County *Water Authority*



FOR THE MEMBERS OF THE AUTHORITY,

Franklin J. Koons

Chairman

Brightwaters, N. Y.
August 31st, 1954

facts about the Authority

The Suffolk County Water Authority is a public benefit corporation. It operates by virtue of the provisions of the Public Authorities Law of the State of New York. The Authority is empowered to survey the water resources of the County and prepare plans for their development, subject to the approval of the State Water Power and Control Commission. It can acquire, construct, develop, and operate a public water supply system in Suffolk County.

members

The Authority consists of five members who must be residents of Suffolk County. They are appointed by the County Board of Supervisors for five year terms. Terms of office are staggered so that one expires each year. The chairman of the Authority is appointed by the County Board of Supervisors, who also fix the compensation of the members.

powers

The Authority has no power to levy any taxes. In this respect it differs from municipal corporations which have taxing powers. It is permitted to issue Revenue Bonds pledging the revenues received by the Authority to secure payment of the bonds. The moneys available for capital improvements are limited to the following sources: (1) Surplus cash balance available after payment of all operating expenses and debt service requirements; (2) The issuance of additional bonds, the amount of which is limited by the net revenues of the Authority as provided in the Bond Resolution. Neither the State, County, or municipalities are liable on the bonds which are only payable out of funds of the Authority.

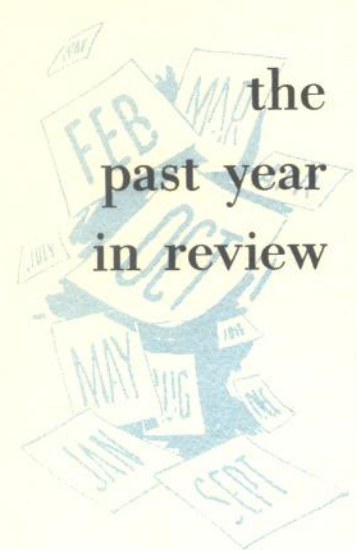
Members establish rates, rules, and regulations for the administration of the business. Unlike municipalities and municipal water districts, Authority water bills do not constitute a lien against real property. The bonds and property of the Authority are tax-exempt. When all liabilities of the Authority have been met, and its bonds paid in full, title to the properties passes to Suffolk County, free and clear of any obligations.

properties

The Authority acquired the properties of the South Bay Consolidated Water Company, Inc. on May 31, 1951, and the Huntington, Babylon, Sag Harbor properties of the New York Water Service Corporation on February 27, 1953. Both properties were acquired by condemnation. It provides service to more than 41,000 customers or an estimated population of 114,000. This is about 35 percent of the County population.

The administrative offices of the Authority are located in Brightwaters. Eight commercial offices, operated by local managers, serve the larger communities in the County. The Construction-Maintenance Department is located in Bay Shore, where materials, equipment, and personnel are available for all the properties of the Authority.





the past year in review

This is the third annual statement by the Authority for the properties of the South Bay Consolidated Water Co. Inc., which it acquired by condemnation on May 31, 1951. It is the second statement for the Huntington, Babylon, Sag Harbor properties acquired by condemnation from the New York Water Service Corporation on February 27, 1953. The fiscal year for both divisions ended May 31, 1954.

Separate books are maintained for each division in accordance with the terms of the respective bond resolutions. The balance sheets and statements of earnings for the respective divisions, included in this report, have been certified by Price Waterhouse & Co. of New York City, under the date of August 19, 1954.

Operating revenue for the South Bay Division increased this year to \$1,055,288 compared with \$901,870 last year. Net earnings for this Division after allowance for depreciation in the amount of \$111,000 were \$340,180 compared to \$140,590 in 1953. The operating revenue for the Huntington-Babylon-Sag Harbor Division amounted to \$573,534. Net earnings after an allowance of \$58,462 for depreciation amounted to \$91,938.

For the Authority as a whole, total income was \$1,639,681, net earnings were \$432,118 and earnings employed in the business at the close of three years of operation were \$670,620.

Net earnings before interest and depreciation for year ended May 31, 1954 for the South Bay Division equaled 3.02 times debt service requirements and for Huntington-Babylon-Sag Harbor Division equaled 1.72 times debt service requirements. In this connection, it should be noted that the interest rate on the bonds of the Huntington-Babylon-Sag Harbor Division will decrease 1.0% on December 1, 1954.

capital improvements

The tremendous growth of Suffolk County during the past year as reflected in the addition of 3,126 customers made it necessary to accelerate the Authority's construction program of new wells, tanks, pumping equipment and mains. Major improvements are detailed later.

The Authority spent \$1,473,587 for all capital improvements including mains constructed under the terms of refunding contracts with developers as compared to \$661,283 during the preceding year.

New customers are currently being connected to the system at a greater rate than last year and this, coupled with the prolonged summer drought, has resulted in an unprecedented demand for water service. The Authority has approved construction budgets in the total amount of \$1,719,620. for the year ending May 31, 1955. It is estimated that developers will advance \$600,000 under refunding main construction contracts.





New commercial office and pumping station—Port Jefferson

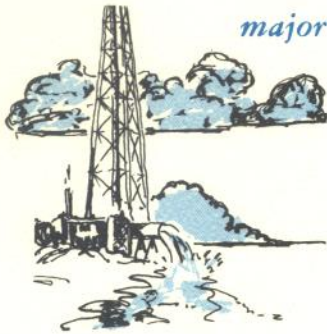
financial

Capital for construction in amount of \$535,000 for the Huntington-Babylon-Sag Harbor Division was provided in the bond issue of \$5,400,000 sold when these properties were acquired. Approximately \$200,000 was still available for new construction on May 31, 1954.

The Authority issued \$600,000 principal amount of Bond Anticipation notes of the South Bay Division dated December 1, 1953 and to mature December 1, 1956, bearing interest at the rate of $2\frac{1}{4}\%$ per annum. The issue which was oversubscribed was taken entirely by Suffolk County banks. The funds are being used for new construction of that Division. This financing was the initial step in a five year development program requiring funds in excess of \$5,000,000.



Earnings employed in the business of the Authority during its first three years of operations amount to \$670,620 as reflected on the balance sheet. A substantial amount of these moneys have been used for new construction to meet the rapid growth of the properties. The Authority plans to issue additional Bond Anticipation notes in amount of approximately \$600,000 later this year.



major additions and betterments completed — 1953-54

AMITYVILLE—Constructed new pumping station, well, pumps and treatment equipment.

BABYLON—Replaced a well and installed new chemical treatment equipment—West Babylon station.

BAY SHORE—Erected a 500,000 gallon elevated storage tank at West Bay Shore. Replaced two wells to increase capacity at Bay Shore pump station.

Reconstructed one well and installed new pumping equipment at Oakdale pump station.

New pump station, well, pump and treatment equipment installed at Central Islip (in progress).

HUNTINGTON—Installed additional well, pumping equipment and controls at Cold Spring Harbor station.

Replaced two wells at Mill St. pump station.

PATCHOGUE—Replaced pump unit at Bayport station.

PORT JEFFERSON—Completely reconstructed building on West Broadway to house the commercial office and the pump station equipment.

SMITHTOWN—Install additional well, pump and chemical treatment equipment.

SOUTHAMPTON—Reconstructed one well and replaced all of the pumping equipment.

SUMMARY—The major improvements described above and other miscellaneous improvements to plant and equipment have increased the capacity of the Authority facilities as follows:

WELL CAPACITY.....by 4,000,000 gallons per day

PUMPING CAPACITY..by 5,400,000 gallons per day

STORAGE CAPACITY..by 500,000 gallons



New 500,000 gallon elevated storage tank—West Bay Shore



personnel

A friendly relationship is maintained by the Authority with its employees as individuals and with the Union which represents them. This year the Authority entered into a two-year contract with Local 393 of the Utility Workers of America, C.I.O. Under the terms of the contract, which was negotiated in an atmosphere of mutual respect and confidence, employees will receive increased wages and other benefits. The Authority will pay a substantial portion of the cost of hospitalization and surgical-medical benefits and group life insurance for its employees.

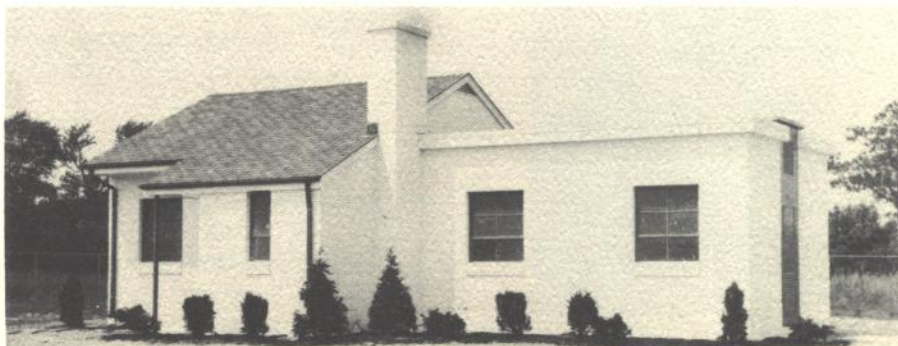
The Members of the Authority appreciate the fine manner in which the employees and the supervisory staff performed their duties during the year.

water supply

All of the water supplied by the Authority comes from the underground water basin under Suffolk County. There are 68 wells in operation, ranging from 50 to 300 feet in depth. The prolonged drought of the past summer required the operation of pumping equipment at near capacity for most of the drought period. Rainfall for the first seven months of 1954 was below normal. As a result the level of the ground water table has been lowered slightly. All the water supplied through the Authority's 41,000 services to its customers is 100% metered.

informing the public

A program to increase public understanding of the Authority and its operations was inaugurated this year. A twenty-page booklet, entitled, "How the Suffolk County Water Authority is solving its Water Problems", was prepared in a highly readable form and 50,000 were distributed to the public including all customers. Activities of the Authority were reported in the press, and Authority Members and executives spoke before business and civic organizations.



New pumping station at North Amityville



Installing 12 inch main under supervision of William F. Bounds (with Authority 24 years)



Meter Shop, under direction of William Jordan (with Authority 19 years)

general

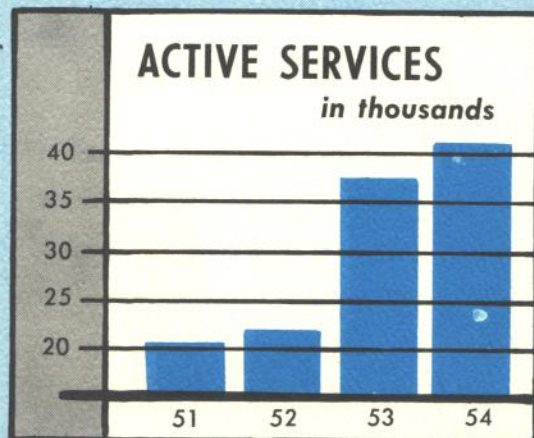
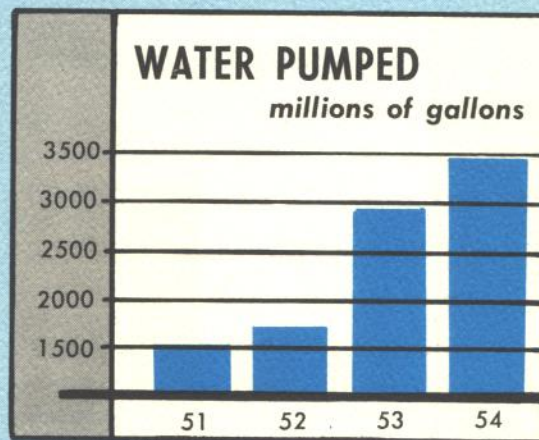
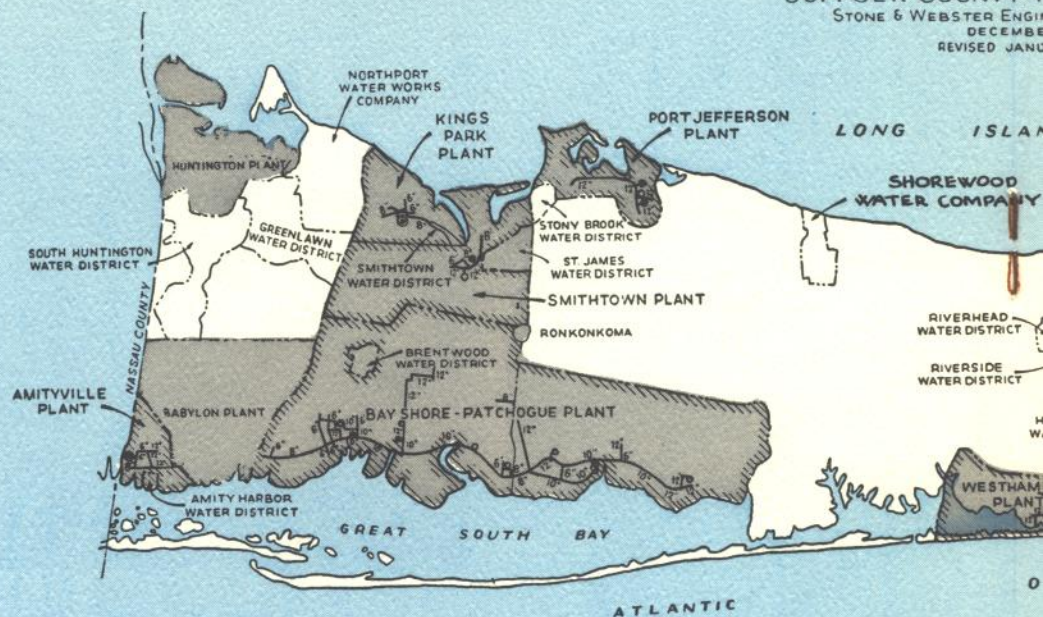
The outlook for increased business for the current year in the communities served by the Authority is exceptional. Building activity has continued at a rapid pace and new services are being added to the system at a greater rate than last year. Many construction loan contracts for which substantial amounts have been advanced by housing developers have been executed and the pipe line construction program in progress is more extensive than at this time last year.

The Authority is continuing its policy of improving and extending its service to the public. It employs the following consultants to advise it—

W. V. Burnell	Consulting Engineer
Stone & Webster Engineering Corp.	Advisory Engineers
Leggette & Brashears	Consulting Ground-Water Geologists
George D. Norcom	Consulting Sanitary Engineer



In addition the Authority avails itself of the services of the Suffolk County Health Department. The officials of this department have been most cooperative with the Authority management.



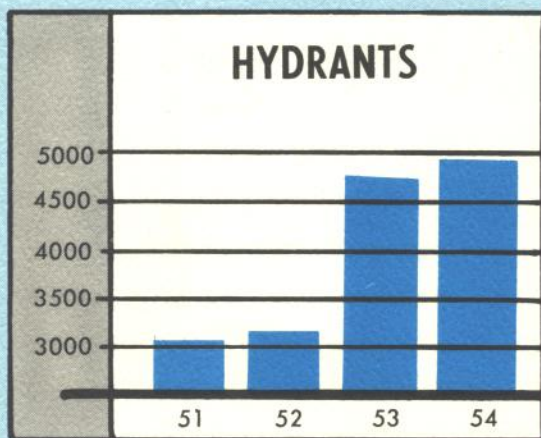
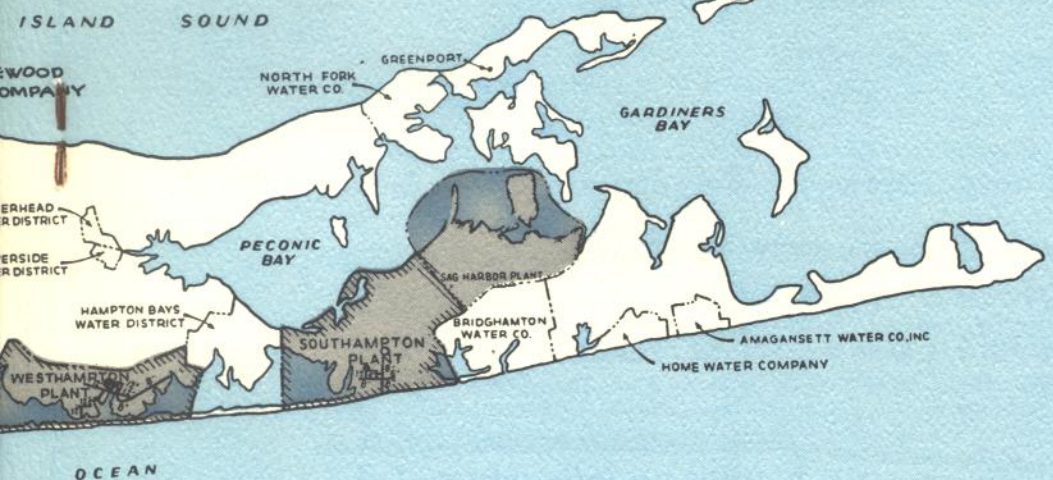
THREE YEARS

Acquired from South Bay—1951
& N.Y. Water Service Corp.—1952

ACTIVE SERVICES	33,457
METERS	34,218
FIRE HYDRANTS	4,627
MILES OF MAINS	643

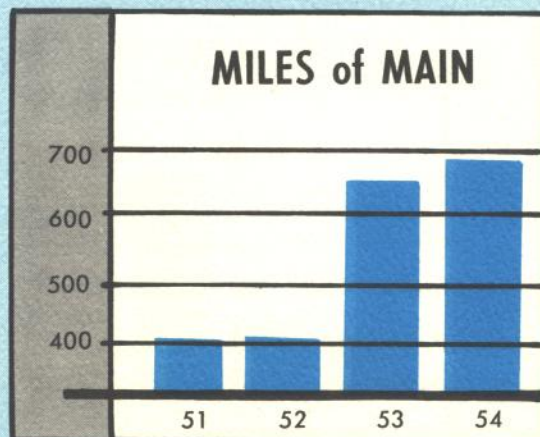
FRANCHISE AREAS

SUFFOLK, STATE OF NEW YORK
COUNTY WATER AUTHORITY
MASTER ENGINEERING CORPORATION
DECEMBER, 1950
REVISED JANUARY, 1953



RS OF PROGRESS

Bay—1951	Placed in Service	Total
Corp.—1953	by the Authority	Today
3,457	7,116	40,573
3,218	7,261	41,479
1,627	250	4,877
643	53	696



looking to the future

growth continues

The County is experiencing expansion at an unparalleled rate. Its population which was 276,000 in 1950, is estimated at 424,000 today. There is every indication that this growth will continue in the immediate future. Stories of growth, under such headlines, appear regularly in the press:

Suffolk Gets More New Homes, Holds Top Spot With LI Builders

Suffolk County continued to hold the interest of Long Island builders during the past week, with many reporting plans for new developments in the easternmost county, while others reported work in progress at developments already underway.

Reports Sold Out

**2,000 ACRES SOLD
AT BROOKHAVEN**

**2,000 Acres in Brookhaven, L. I.,
Bought for Big Industrial City**

GROWING SUFFOLK AREA: Map showing location of proposed community with homes, plants and stores at Brookhaven, L. I. The site contains 2,000 acres.



with homes, ed yesterday at Brookhaven. The site has been engaged in manufacturing and sprawling. It has been identified as the Roosevelt project in the Deer Park section of Suffolk County. The project is upon as the "Suffolk City" project. Houses as will largely from \$8,000.

the future

The Authority and Stone and Webster Engineering Corporation, its consulting engineer, have jointly made a study of the properties to determine needed improvements. An estimate of the probable growth of the properties during the next five years has been prepared. It is forecast that the number of services will increase from 41,000 to 52,000 to serve a population of 182,000 by 1958.

To provide service for the anticipated increase in business, tentative construction budgets, amounting to \$5,000,000 for capital improvements under this five year plan, have been prepared. Funds to finance this program of expansion will come from the earnings of the Authority and by the sale of revenue bonds.

The rapid growth of the area served by the Authority will make it necessary to accelerate this five year construction program.

major planned additions and betterments — 1954-55

AMITYVILLE—Install additional well and pump unit at North Amityville pumping station.

BABYLON—New source of supply including well, pumping station and treatment plant.

BAY SHORE—New source of supply including well, pumping station and treatment plant for North Bay Shore. Construct 400,000 gallon elevated storage tank in Central Islip.

HUNTINGTON—New source of supply including well and pumping station at Huntington Station.
Construct well with low lift pump and vault at Mill Street station.

PATCHOGUE—Additional well, pump, standby unit and building at Bayport Station.

PORT JEFFERSON—Purchase and improve tract of land on Broadway adjoining existing property to enlarge well field. Preliminary engineering study for location of a new pumping station.

Rehabilitation of 250,000 gallon ground storage reservoir.

SAG HARBOR—Construct new wall, pump, vault and electric controls.

Install gasoline generator unit for standby service.

SMITHTOWN—Install generator unit to convert Diesel engine for standby service.
Install additional well, pump and controls at Kings Park.

SOUTHAMPTON—Improvements to pumping station structure housing chemical equipment, generator, equipment and storeroom.

SUMMARY—A total of \$378,000 has been budgeted for improvements and extensions to the distribution system of water mains.

ESTIMATED INCREASE IN WELL CAPACITY —
6,400,000 gallons per day

ESTIMATED INCREASE IN PUMPING CAPACITY —
6,700,000 gallons per day

TOTAL INCREASE IN STORAGE CAPACITY —
400,000 gallons



balance sheets

as of May 31, 1954

SUFFOLK COUNTY

	South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
ASSETS			
WATER PLANT, at cost	\$ 9,273,917	\$4,733,244	\$14,007,161
FUNDS HELD BY FISCAL AGENT' (Note A):			
New construction fund	29,305	193,433	222,738
Debt service reserve fund, partially invested in U. S. Government securities	393,415	280,625	674,040
	422,720	474,058	896,778
CURRENT AND WORKING ASSETS:			
Cash in banks and on hand (Note C)	336,322	183,240	519,562
Funds held by Fiscal Agent (Note A):			
General fund, partially invested in U. S. Government securities	478,279	248,847	727,126
Debt service fund	118,925	110,656	229,581
Customers accounts receivable	63,136	60,407	123,543
Less—Estimated doubtful accounts	(2,183)	(524)	(2,707)
Other accounts receivable	11,009	20,359	31,368
Accrued revenue	101,053	41,115	142,168
Interdivisional current accounts	9,319	(9,319)	—
Materials and supplies, at cost	174,376	52,981	227,357
Prepayments	622	257	879
	1,290,858	708,019	1,998,877
DEFERRED CHARGES:			
Unamortized debt discount and expense	47,991	74,784	122,775
Other	3,624	7,889	11,513
	51,615	82,673	134,288
	\$11,039,110	\$5,997,994	\$17,037,104

NOTES TO FINANCIAL STATEMENTS

NOTE A:

The Series A bonds of the South Bay Division are dated June 1, 1951 and are payable as to principal and interest only out of revenues of properties operated by that division. Of the principal amount of bonds, \$5,000,000 mature serially from 1955 through 1984 in annual amounts which begin at \$115,000 for the first year and increase to \$235,000 for the last year and the remaining \$3,000,000 matures in 1985; the bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 103% after June 1, 1975. The bonds bear interest at an annual rate of 2¾%.

The Series A bonds of the Huntington-Babylon-Sag Harbor Division are dated December 1, 1952 and are payable as to principal and interest only out of revenues of properties operated by that division. The bonds mature serially from 1955 through 1985 in annual amounts which begin at \$80,000 for the first year and increase to \$265,000 for the last year. The bonds bear interest at the following annual rates: (a) \$940,000 principal amount of bonds maturing 1955 to 1962 at 3¾% to December 1, 1954 and 2¾% thereafter, (b) \$1,395,000 principal amount of bonds maturing 1963 to 1971 at 4% to December 1, 1954 and 3% thereafter, and (c) \$3,065,000 principal amount of bonds maturing 1972 to 1985 at 4¼% to December 1, 1954 and 3¼% thereafter. The bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 102% after June 1, 1981.

The Authority's resolutions authorizing the bond issues require that all revenues be deposited in the name of the Fiscal Agent and allocated to specified funds.

NOTE B:

The 2¼% Bond Anticipation Notes, Series B of the South Bay Division are dated December 1, 1953 and are issued under the resolution authorizing the Series A Bonds and a supplemental resolution dated December 28, 1953. The principal of the notes is payable solely out of the proceeds of the sale of South Bay Water Works Revenue Bonds, Series B, in anticipation of which they are issued. Interest on the notes is payable out of revenues of properties of the South Bay Division. Principal and interest may be paid out of any available moneys in the General Fund. The notes mature on December 1, 1956; however, the Authority may redeem them prior to maturity at par plus accrued interest.

WATER AUTHORITY

LIABILITIES	South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
WATER WORKS REVENUE BONDS, SERIES A (Note A)	\$ 8,000,000	\$5,400,000	\$13,400,000
2¼% Bond Anticipation Notes, Series B (Note B)	600,000	—	600,000
CURRENT LIABILITIES:			
Accounts payable	161,649	46,781	208,430
Accrued interest on bonds and notes	116,750	110,656	227,406
Other accrued liabilities	18,903	9,734	28,637
Customers' deposits	176,861	77,543	254,404
	474,163	244,714	718,877
INTERDIVISIONAL ADVANCE ACCOUNTS	170,000	(170,000)	—
ADVANCES FOR CONSTRUCTION	915,454	318,718	1,234,172
UNEARNED REVENUE	57,871	40,506	98,377
RESERVE FOR DEPRECIATION OF WATER PLANT	253,496	61,562	315,058
EARNINGS EMPLOYED IN THE BUSINESS, per accompanying statement	568,126	102,494	670,620
	<u>\$11,039,110</u>	<u>\$5,997,994</u>	<u>\$17,037,104</u>

NOTE C:

Approximately \$400,000 of the amount shown as cash in banks and on hand represents moneys received from the Fiscal Agent and from housing developers to be used solely for new construction.

NOTE D:

Debt service requirements for the year ending May 31, 1954 were \$224,500 for the South Bay Division and \$221,312 for the Huntington-Babylon-Sag Harbor Division. Net earnings before interest and depreciation for the year ended May 31, 1954 for the South Bay Division equaled 3.02 times debt service requirements and for Huntington-Babylon-Sag Harbor Division equaled 1.72 times debt service requirements.

Debt service requirements of the Series A Bonds for the next five years ending May 31 are as follows:

Year	South Bay Division	Huntington- Babylon- Sag Harbor Division
1955	\$335,000	\$274,313
1956	392,738	275,113
1957	392,980	277,088
1958	393,085	278,925
1959	393,303	280,625

In addition to the above, the debt service requirements of the 2¼% Bond Anticipation Notes, Series B of the South Bay Division will amount to \$13,500 for each of the years 1955 and 1956 and \$6,750 for the year 1957.

statement
of
earnings

SUFFOLK COUNTY WATER AUTHORITY

Statements of Earnings for the Year Ended May 31, 1954

(With comparative figures for South Bay Division
for the year ended May 31, 1953)

Year ended May 31, 1953	South Bay Division	Year ended May 31, 1954		
		South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
	Income:			
\$901,870	Operating	\$1,055,288	\$573,534	\$1,628,822
(1,920)	Other (net of interest on customers' deposits)	1,123	9,736	10,859
<u>899,950</u>	Total income	<u>1,056,411</u>	<u>583,270</u>	<u>1,639,681</u>
	Operating expenses:			
300,044	Operation	319,060	171,789	490,849
56,840	Maintenance	59,655	29,984	89,639
<u>356,884</u>	Total operating expenses, except depreciation deducted below	<u>378,715</u>	<u>201,773</u>	<u>580,488</u>
<u>543,066</u>	Net earnings before interest and depreciation (Note D)	<u>677,696</u>	<u>381,497</u>	<u>1,059,193</u>
	Deduct:			
300,000	Interest on bonds and notes	224,500	228,684	453,184
1,516	Amortization of debt discount and expense	2,016	2,413	4,429
<u>100,960</u>	Depreciation	<u>111,000</u>	<u>58,462</u>	<u>169,462</u>
<u>402,476</u>		<u>337,516</u>	<u>289,559</u>	<u>627,075</u>
140,590	Net earnings	340,180	91,938	432,118
<u>87,356</u>	Earnings employed in the business at beginning of period	<u>227,946</u>	<u>10,556</u>	<u>238,502</u>
<u>\$227,946</u>	Earnings employed in the business at close of period, per balance sheet	<u>\$ 568,126</u>	<u>\$102,494</u>	<u>\$ 670,620</u>

(See notes to financial statements)



opinion
of the
auditor

AUDIT BY INDEPENDENT ACCOUNTANTS

The firm of Price Waterhouse & Co., independent accountants, was appointed by the Members of the Authority, in accordance with the terms of the Bond Resolutions to audit the books, records and accounts of the Authority for the year ending May 31, 1954.

To the Members of
SUFFOLK COUNTY WATER AUTHORITY

In our opinion, the accompanying balance sheets and related statements of earnings of Suffolk County Water Authority present fairly the financial position of the South Bay Division, the Huntington-Babylon-Sag Harbor Division and the Authority at May 31, 1954, and their results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.,

New York, N. Y.
August 19, 1954.

SUFFOLK COUNTY WATER AUTHORITY

Publicly Owned For Public Service



communities served

Amityville

Retail:

Amityville
Copiaque

Wholesale:

Amity Harbor‡

Bay Shore

Bay Shore
Brightwaters
Central Islip
Great River
Islip Manor
Islip Terrace
Oakdale
West Islip

Babylon*

Babylon
Lindenhurst
North Babylon
West Babylon

Huntington*

Centerport
Cold Spring Harbor
Halesite
Huntington
Huntington Bay
Huntington Station
Lloyd Harbor

Patchogue

Bayport
Bellport
Blue Point
Bohemia
Patchogue
Sayville
West Sayville

Port Jefferson

Retail:

East Setauket
Poquot
Port Jefferson
Port Jefferson
Station

Wholesale:

Stony Brook‡

Kings Park

Retail:

Kings Park

Wholesale:

Smithtown‡

Sag Harbor*

North Haven
Sag Harbor

Smithtown

Retail:

Head-of-the-
Harbor
Smithtown
Smithtown
Branch

Wholesale:

St. James‡

Southampton

Southampton

Westhampton Beach

East Quogue
Quogue
Quogue
Westhampton
Westhampton Beach

* Huntington-Babylon-Sag Harbor Division.

‡ Water Districts.

All photos by Hubert G. Moore, Manager Babylon District Office