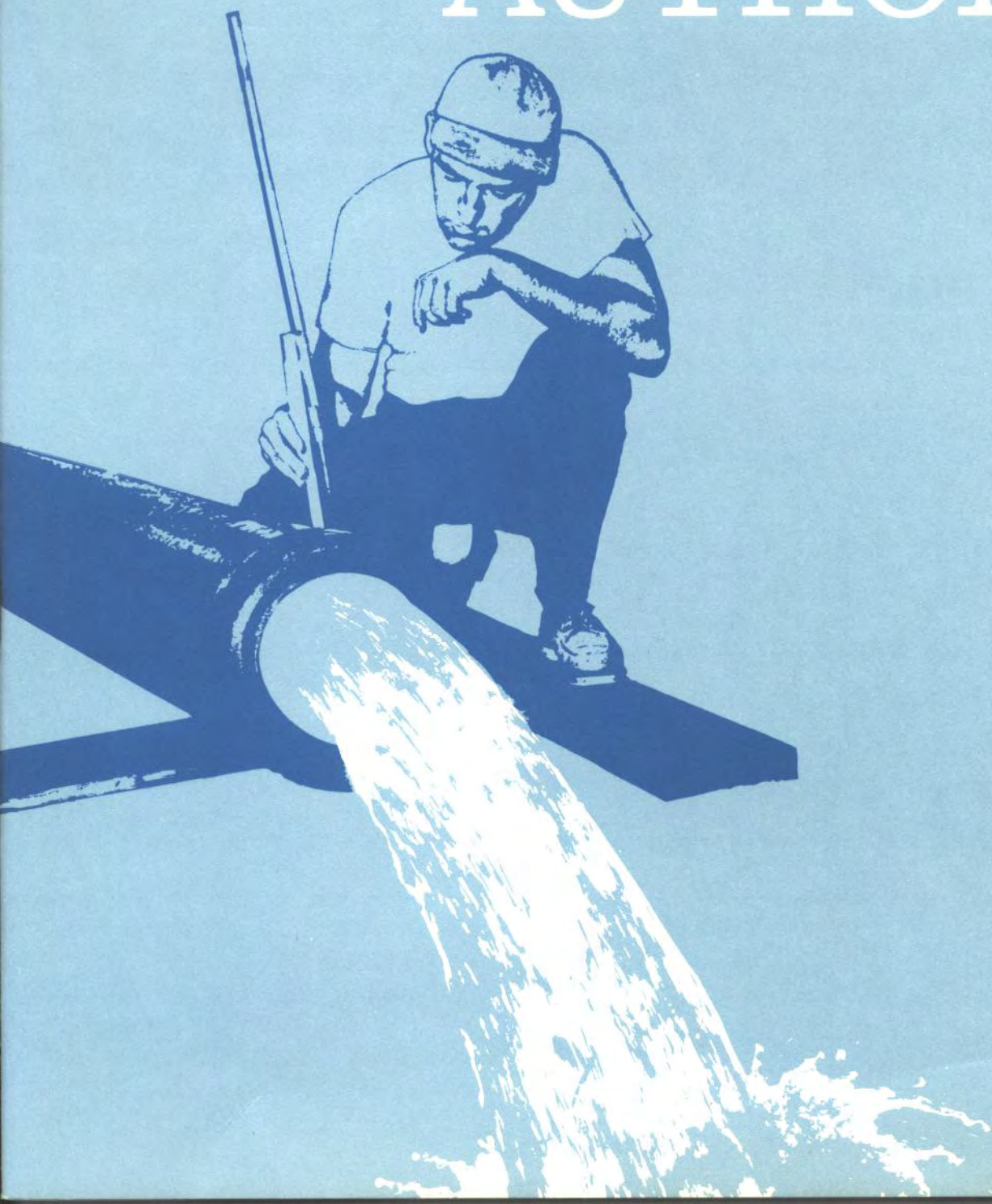
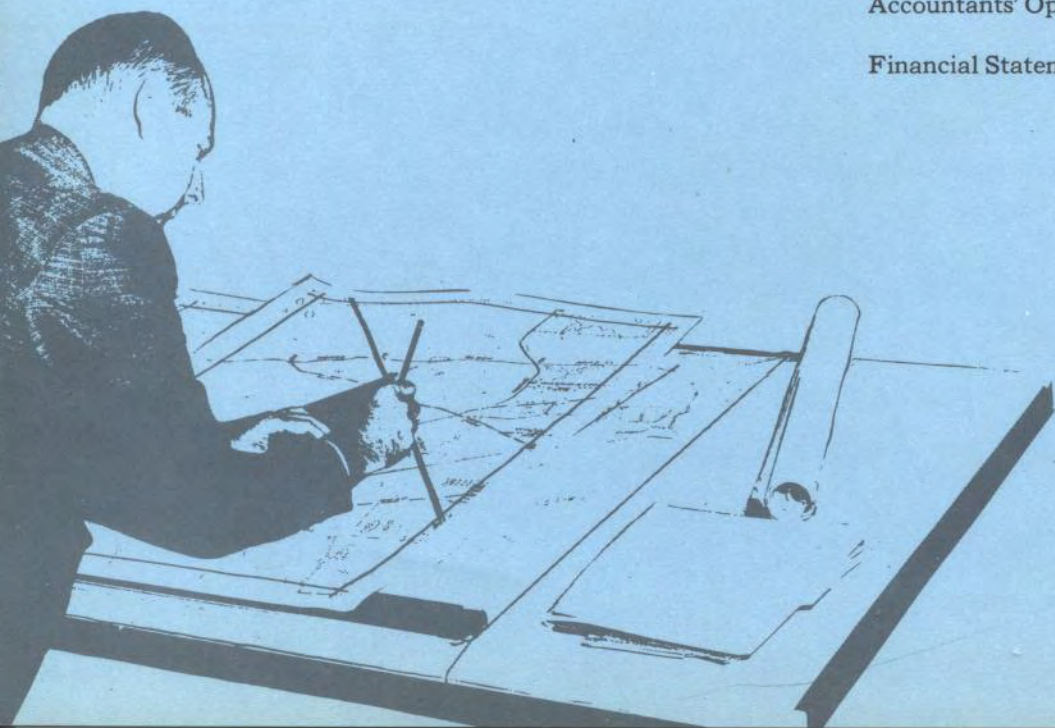


ANNUAL REPORT SUFFOLK COUNTY WATER AUTHORITY 1962



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ANNUAL REPORT SUFFOLK COUNTY WATER AUTHORITY 1962

AUTHORITY MEMBERS

T. BAYLES MINUSE, *Chairman*

HARRY PAUL FISHEL, *Secretary*

CARLL S. BURR, JR., *Treasurer*

ADRIAN F. MASON

HERMON L. BISHOP

FRANKLIN S. KOONS, *Executive Director*

N. F. FENN, *General Manager*

HOMER F. GARDNER, *Assistant General Manager and Chief Engineer*

LOUIS W. WEINFURT, *Assistant General Manager, Distribution*

KENNETH L. MORRIS, *Assistant to General Manager*

DAVID L. GLICKMAN, *Counsel*

EUGENE SIDOTI, *Controller*

J. LEONARD NEWMAN, *Chief Accountant*

WILLIAM V. BURNELL, *Consulting Engineer*

STONE & WEBSTER ENGINEERING CORPORATION, *Advisory Engineers*

UNITED STATES TRUST CO. OF NEW YORK, *Fiscal Agent*

PRICE WATERHOUSE & CO., *Independent Accountants*

R. W. PRESSPRICH & CO., NEW YORK, *Financial Advisors*

The Year's Results in Brief

YEAR ENDED MAY 31st

	1962	1961
Revenues	\$ 4,665,299	\$ 4,315,540
Operating and Maintenance Expense, except depreciation . .	1,796,889	1,764,481
Interest on bonds and notes; also amortization of debt discount and expense	1,101,989	925,222
Allowance for depreciation	517,749	452,849
Net earnings	1,248,672	1,172,988
Earnings employed in the business <i>(since May 31, 1951)</i>	7,849,219	6,600,547
Total Water Plant at cost	46,635,520	40,570,452
Net Additions to Water Plant <i>(excluding property acquisitions)</i> . .	5,416,296	4,951,586
Customers (Active Services)	92,099	83,313
Miles of Mains in Service	1,423	1,306
Fire Hydrants in Service	8,929	8,397
Water Production (Million Gallons)	9,005	7,800

WATER PRODUCTION FACILITIES are directed from the Authority's new \$50,000 Control Center at Bay Shore over telemetered circuits to outlying pump stations



The Chairman's Letter

The information and statistics which are contained in the pages that follow are for the Authority's fiscal year which ended May 31, 1962. This was the eleventh year of Authority operations, and they reflect the expansion of its activities in keeping with the growth of the County's population and industries.

As of May 31, 1962, the Authority had a total of 92,099 active water customers and 8,929 hydrants. This represented an increase of 8,786 new customers; 7,189 by connection of new services to Authority lines, and 1,597 by acquisition of two companies mentioned later in this report. In addition, the Authority provides service to an estimated 3,780 additional water users, customers of four town water districts. 96 miles of new pipelines were constructed.

Authority revenues for the fiscal year were at a new high, \$4,665,299, or an increase of \$349,759 over the previous year. Net earnings before depreciation, namely earnings available for debt service, totalled \$2,868,410. Debt service comprised of \$1,074,189 in interest and \$467,105 in bond retirements, a total of \$1,541,294, was earned 1.86 times.

Net capital expenditures for the year were \$5,416,296. In addition, \$648,772 was expended to acquire existing water properties for a total of \$6,065,068. Included was \$346,250 of a planned program of improvements to the older distribution systems for the betterment of service to water customers and to increase fire flows in accordance with the standards of the New York Fire Insurance Rating Organization. The Authority intends to continue this program as a part of its established policy of improving the older sections of its distribution system. Construction budgets for the year commencing June 1, 1962, have been approved for an estimated \$6,528,000, which figure does not include pipeline extensions under the terms of Construction Loan Contracts currently running in excess of \$1,300,000 a year.

The Authority's credit with its banks enables it to finance its current cash requirements for construction out of the proceeds of bond anticipation notes at favorable rates of interest, these notes to be refinanced by long-term bonds offered in such amounts and at such times as are recommended by the Authority's Financial Advisors.

During its eleven years of operation, the reinvestment of the net earnings in the business has enabled the Authority to reduce its bonded indebtedness from 103% of its total plant value to 66% at the end of the 1962 fiscal year. This gives the residents of the County a substantial equity in their Water Authority and insures the continued expansion of its service to the community.

FOR THE MEMBERS OF THE AUTHORITY

A handwritten signature in blue ink, appearing to read "John M. Mause", is written over the printed name "CHAIRMAN".

CHAIRMAN

October 22, 1962

Review of the Year's Operations

During the 1961-62 fiscal year, 8,786 water customers were added to Authority mains, bringing the total to 92,099 on May 31, 1962. Of this increase, 1,452 were acquired through the purchase of Eastwood Water Works, Inc. and 145 through the purchase of Harbor Hills Estates, Inc. The balance, namely 7,189, is the largest number of new customers connected to Authority mains in any fiscal year since it commenced operations in 1951. This increase was due in part to continued high level activity in new housing developments and also to the Authority's efforts to provide improved water supply to homes previously obtaining water from individual private wells.

An average of 24.6 million gallons daily was delivered to the distribution system in 1962, which was 3.3 million gallons or 15% more than in the previous year. While water consumption varies in each community, the average delivered to the distribution system for the fiscal year was 102,673 gallons per customer, an estimated 80 gallons per capita per day.

Gross revenues for the fiscal year totalled \$4,665,299, an increase of \$349,759 or 8.1%. The principal reason for this substantial increase was

the large number of new customers added to the system.

Operating and maintenance expenses before depreciation increased from \$1,764,481 to \$1,796,889, or an amount of \$32,408. This favorable comparison is due to the fact that expenses for fiscal year ended May 31, 1961, included \$103,703 of nonrecurring expenses relating to payment of taxes for acquired properties and extraordinary maintenance expenses in connection with the thawing and repairing of service lines during the severe winter in 1961.

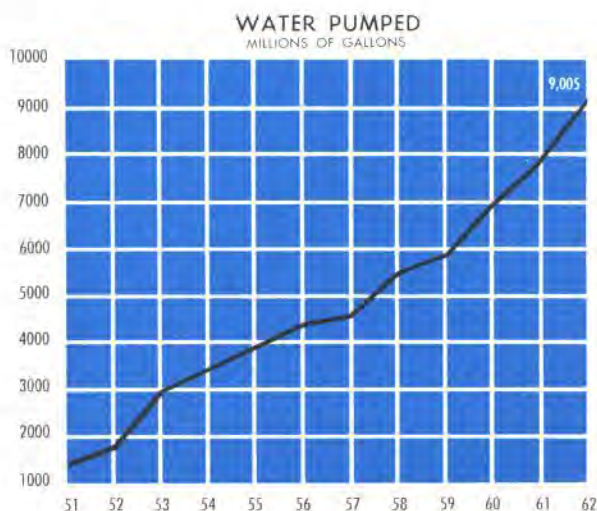
Net earnings available for debt service totalled \$2,868,410, an increase of \$317,351 over the previous year.

Combined debt service, consisting of \$1,074,189 of interest and \$467,105 of bond retirements, totalled \$1,541,294. Debt service was earned 1.88 times in the South Bay Division and 1.81 times for the Huntington-Babylon-Sag Harbor Division. Combined debt service was earned 1.86 times.

Provision for depreciation at the composite rate of 1.4% on depreciable property amounted to \$517,749 for the year. The total of accumulated depreciation at May 31, 1962, was \$2,567,245.

Net earnings for the year under review, after all charges, amounted to \$1,248,672 as compared with \$1,172,988 for the previous fiscal year. These earnings were reinvested in the Authority's business.

Accumulated net earnings reinvested in the business for the eleven years of Authority operations ended May 31, 1962, totalled \$7,849,219. These reinvested earnings are used for bond retirements, for additions and improvements and add to the earning power of the Authority, thus enabling the Authority not only to maintain satisfactory debt service ratios but to widen its usefulness to residents of the County.

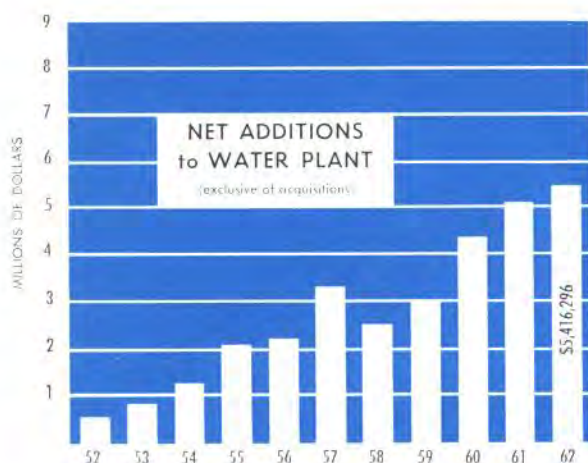


Construction

Capital expenditures for the fiscal year ended May 31, 1962, after retirements, were \$5,416,296 which is a new high, and was \$464,710 in excess of such expenditures during the previous fiscal year.

For the fiscal year ending May 31, 1963, expenditures for new facilities to be built are budgeted at \$6,528,150.

To keep pace with the growth of Authority business, 117 miles of pipelines were added to



the system—96 miles were installed by the Authority and the balance of 21 miles were acquired through the purchase of properties. At the end of the fiscal year, the Authority had 1,423 miles of pipelines in service. A total of 532 new hydrants were added to the system—391 were connected to new pipelines installed by the Authority and the balance were acquired by the purchase of properties. The total number of hydrants in service at the end of the fiscal year was 8,929.

Production facilities consisting of 11 new wells, 7 new pumping stations, and 4 new storage tanks were installed during the fiscal year. Storage ca-



NEW PUMP STATION to house controls and chemical treatment facilities at 1,700,000-gallon-per-day well in West Bay Shore located on property acquired from the Southward Ho Country Club

capacity was increased by approximately 3,300,000 gallons.

Work was completed on the installation of a new operating control center at the Authority's station at Fifth Avenue, Bay Shore, at a cost of approximately \$50,000. Production and distribution operations are directed from this new control center over private telephone circuits to outlying pump stations and storage tanks. This provides more dependable and flexible control of the Authority's pump station operations for most of its properties.

NEW PUMP STATION at Stony Brook-Setauket housing controls, chemical treatment facilities and standby diesel generator unit for the water supply for the new State University



Financial Review

The Authority's operating and construction budgets for the fiscal year 1961-62, prepared in advance as required by the bond resolutions, estimated an increase of 7,560 new customers. New financing to provide for this increase was estimated at \$4,200,000 of bonds for the South Bay Division and \$800,000 in Bond Anticipation Notes for the Huntington-Babylon-Sag Harbor Division. The increase in new customers was somewhat greater than forecast.

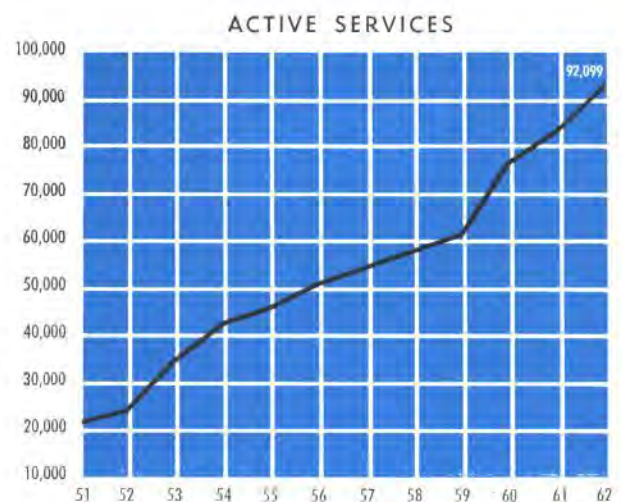
Consequently, in September, 1961, the Authority issued and sold \$4,500,000 of South Bay Division Water Works Bonds, Series G, at an average interest cost to the Authority of 4.0495%. The proceeds were used to retire \$2,000,000 Series G Bond Anticipation Notes, also to acquire Eastwood Water Works, Inc. and Harbor Hills Estates, Inc. and to meet the full debt service reserve requirements of the bond issue. After providing for the expenses relating to the issue, the balance, \$2,201,606, was paid into the New Construction Fund.

The proceeds of the \$4,500,000 Series G bond issue were sufficient to provide construction moneys for the remainder of the fiscal year, leaving a balance of \$544,000 in the South Bay Division's New Construction Fund at May 31, 1962.

New financing for the Huntington-Babylon-Sag Harbor Division during the fiscal year was accomplished by borrowing \$800,000 from the Authority's banks; \$300,000 in December, 1961, and \$500,000 in April, 1962, on a Series D Bond Anticipation Note issue to be retired out of the proceeds of a Huntington-Babylon-Sag Harbor Series D bond issue to be sold at a later date.

This financing carried the Huntington-Babylon-Sag Harbor Division to the end of the fiscal year with a balance of \$439,000 remaining in the New Construction Fund as at May 31, 1962.

Since the close of the year under review, the South Bay Division has borrowed \$2,000,000 from its banks on a new Series H Bond Anticipation Note issue, the notes being sold August 1, 1962, at par. Two hundred thousand dollars of this amount was transferred to the South Bay Division's New Construction Fund, the balance of \$1,800,000 being invested for the Authority by its Fiscal Agent in United States Treasury Bills, all having yields above the borrowing rate on the Series H Bond Anticipation Notes.



Huntington-Babylon-Sag Harbor Division financing since May 31, 1962, has consisted of the sale, on July 16, 1962, of \$500,000 Bond Anticipation Notes, Series D, also at par, the proceeds being deposited in the Division's New Construction Fund.

This method of financing the Authority's growth has proven advantageous, permitting as it does proper spacing of long-term bond issues and the selection of favorable market conditions for their offering.

Acquisition of Properties

Last year's report made mention of contracts entered into for the purchase of the assets of two privately owned water companies, namely Eastwood Water Works, Inc. and Harbor Hills Estates, Inc. Both acquisitions were completed in the 1961-62 fiscal year.

Eastwood Water Works, Inc. was purchased October 31, 1961, at a net cost of \$571,450, this figure being below original cost less depreciation. Located at Centereach in a growing area, the company was serving 1,452 customers, mainly residential, and had 119 hydrants in service. The company's water system consisted of two wells, a 500,000-gallon elevated storage tank of modern design and 17 miles of cast-iron distribution mains. The Authority will ultimately integrate this property by transmission mains into its North Shore system.

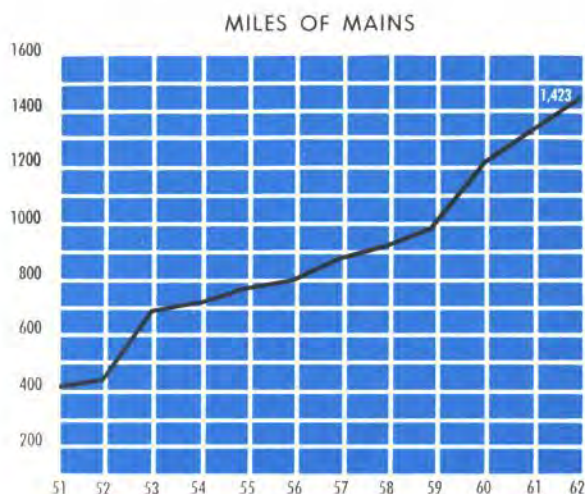
Harbor Hills Estates, Inc., a smaller company serving 145 customers and having 22 hydrants in service, was purchased on April 18, 1962, at a contract price of \$68,000, this figure also being below original cost less depreciation. The company had approximately 17,000 feet of water mains and was purchasing its water supply from

the Authority. The area served is a relatively new development of substantial homes.

Acquisition of private water companies by the Authority is made only after approvals are obtained from (a) New York State Water Resources Commission, (b) New York State Public Service Commission, (c) Suffolk County Board of Supervisors, and (d) the Authority's Consulting and Advisory Engineers.

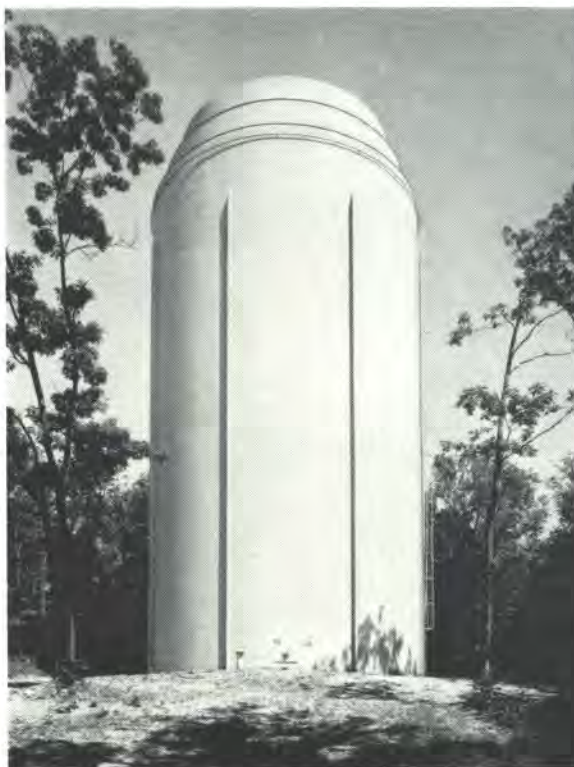
Since the Authority commenced business with the plants of the South Bay Consolidated Water Company, Inc. (1951) and the Huntington-Babylon-Sag Harbor properties of the New York Water Service Corporation (1953), it has purchased six additional water companies having, at time of acquisition, an aggregate of 11,742 customers for a total cost of \$4,999,825. (Five water companies and one water district.)

In line with its policy of further integration of existing water companies into the Authority's system, it has negotiations currently under way for the purchase of additional privately owned water properties during the 1962-63 fiscal year.



SEVEN

NEW 1,550,000-GALLON STORAGE TANK at Stony Brook-Setauket is the second tank of this design installed by the Authority to harmonize with the character of the community



SUFFOLK
COUNTY
WATER
AUTHORITY
1962

Five-Year Comparison

STATISTICS

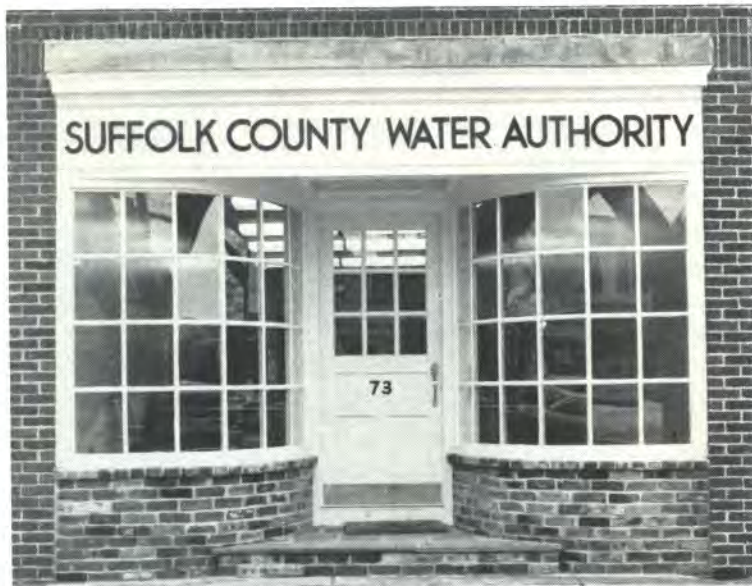
	1962	For Fiscal Year Ended May 31			
		1961	1960	1959	1958
Customers	92,099	83,313	76,878	61,578	57,563
Population Served	322,000	292,000	270,000	216,000	201,000
Miles of Pipe Lines	1,423	1,306	1,205	970	903
Fire Hydrants	8,929	8,397	7,982	6,457	6,167
Water Pumped (Million Gallons per Day)	25	21	19	16	15

FINANCIAL

Gross Revenues	\$ 4,665,299	\$ 4,315,540	\$ 3,417,472	\$ 2,944,517	\$ 2,616,878
Water Plant at Cost	46,635,520	40,570,452	35,522,033	27,260,971	24,232,438
Bonded Indebtedness	30,853,000	26,781,000	24,181,000	19,032,000	16,907,000
Bonded Indebtedness (% of Water Plant)	66%	66%	68%	70%	70%
Capital Improvements	5,416,296	4,951,586	4,093,248	3,020,042	2,415,849
Expenditures for Water Companies Acquired	648,772	96,833	4,167,814	8,491	77,914
Earnings Employed in the Business at the Close of Period	7,849,219	6,600,547	5,427,559	4,201,227	3,249,716

PRODUCTION FACILITIES

Wells in Service	126	115	111	97	90
Pumping Stations	42	35	34	27	26
Storage Tanks	34	30	29	23	22



NEW ENTRANCE to commercial office at Southampton, New York's oldest English settlement (1640), praised by the local press—"the Authority's action in helping to beautify the business district along early American traditional lines is to be highly praised"

STORAGE TANK recently placed in service at Stony Brook showing the pumping station in the foreground. Capacity: 1,550,000 gallons

FINAL PAINTING of new-type removable superstructure over an outdoor well



Hydrant Rental Rate Study

On March 1, 1958, the Authority put into effect a uniform system-wide rate schedule for water service to all of its customers, but made no change at that time in charges for hydrant rental service. A wide variation in charges for such service existed, these charges having been established by predecessor companies with the approval of the Public Service Commission.

Hydrant rental rates for many districts have not been changed in 30 years. Meanwhile, there have been substantial increases in the requirements of the New York Fire Insurance Rating Organization for the quantity of water required for fire flows to protect property. During the past three years, approximately \$1,800,000 has been allocated by the Authority to improve its distribution system in many areas, not only to provide better service to its customers, but more closely to approximate the requirements of the Fire Underwriters. This improvement program is to be continued during the next few years.

In connection with hydrant rentals, the Authority has employed Stone & Webster Service Corporation to make a detailed study of the property devoted to fire protection service and to recommend a new system-wide hydrant rental rate intended to provide a reasonable return on such property and to enable the Authority to continue its improvement program for fire protection services. It is anticipated that the equalized rate will be above current rates in certain areas and below these rates in other sections.

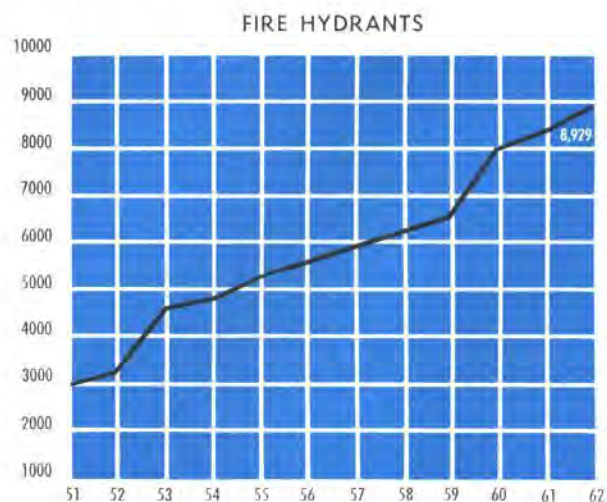
Cooperative Work

The Authority has participated each year with the United States Government, the New York State Water Resources Commission, and the Suffolk County Board of Supervisors in financing ground water and surface water studies in the County by the United States Geological Survey. These studies include the collection of

monthly rainfall data, the monitoring of water levels in some 150 wells, the examination of logs and core samples of new wells; also, the stream-gaging of surface water discharge at 11 stream-gaging stations. The arithmetic average of monthly precipitation figures at 17 sites was 45.21 inches for the twelve months of 1961.

As a new undertaking, the Authority is joining with the Long Island State Park Commission and the United States Geological Survey in financing a deep (2,000-foot) test boring to bed-rock on Fire Island where the State Park Commission is constructing a supply well at Fire Island State Park. The completion of this test boring as a permanent observation well will enable the U.S.G.S. to obtain valuable hydrologic data now and in the future. It will be monitored by the U.S.G.S. for chloride and water level changes resulting from withdrawals from inland wells. Laboratory tests of water samples will be made by the Authority.

Also, the Authority is participating in the work of the temporary (1961) State Commission on Water Resources Planning by representation on various committees and has agreed to perform a share of the laboratory work entailed in its field studies.



Management and Personnel

In April, 1962, the Suffolk County Board of Supervisors reappointed Mr. T. Bayles Minuse as a Member of the Authority and redesignated him as Chairman for the five-year term expiring March 29, 1967.

A new two-year collective bargaining agreement with Local No. 393, Utility Workers Union of America, A.F.L.-C.I.O., was signed in June, 1962, covering the period from June 12, 1962 to June 16, 1964, providing for a general wage increase of 4½% for each year of the contract, plus some job title reclassifications and fringe benefits. Comparable increases were made effective July 1, 1962, for those on the managerial and supervisory staff. Such wage increases are in line with those granted by water companies and other public-utility companies in the metropolitan area.

The able and conscientious efforts of the 270 men and women employed by the Authority made possible another year of successful operations.

Under the Authority's policy of improving its service, it employs the following consultants:

W. V. BURNELL, *Consulting Engineer*

STONE & WEBSTER ENGINEERING CORP.,
Advisory Engineers

R. W. PRESSPRICH & CO., *Financial Advisors*

LEGGETTE, BRASHEARS & GRAHAM, *Consulting
Ground-Water Geologists*

In addition, the Authority avails itself of the advice of the representatives of the Suffolk County Health Department.

Geological studies of the water resources of Suffolk County by the U. S. Geological Survey have been a continuing program for many years. The Authority participates with the U. S. Government, the New York State Water Resources Commission, and the County Board of Supervisors in financing such ground-water and surface-water studies.

Plant Facilities

By Acquisition ☐

As of May 31, 1962 ☒

Service Areas or Plants	Wells in Service		Pumping Plants		Storage Facilities		Capacity in 1000's Gallons		Active Services	
Amityville	5	8	1	2	1	2	295	1,045	3,260	7,107
Babylon	10	22	2	7	1	3	300	1,550	5,126	17,607
Bay Shore	19	30	2	8	2	5	558	2,330	7,366	22,509
Huntington	7	18	3	5	5	6	1,292	2,792	6,835	10,976
Northport	7	7	3	3	4	5	1,700	3,020	8,090	8,693
Patchogue	3	6	2	3	2	4	428	1,443	5,774	9,870
Port Jefferson	6	9	2	5	3	4	863	2,628	3,110	5,119
Sag Harbor	1	2	1	1	1	1	235	235	662	751
Smithtown-Kings Park ..	7	12	5	6	2	2	568	568	2,409	6,111
Southampton	2	3	1	1	1	1	300	300	1,413	1,675
Westhampton	6	9	1	1	1	1	234	500	1,154	1,681
TOTALS	73	126	23	42	23	34	6,773	16,411	45,199	92,099

Opinion of the 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 ended May 31, 1962.

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, 1962, and the results of their operations for the year, 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.

Mineola, L. I., N. Y.
August 10, 1962

Price Waterhouse & Co.



ELECTRIC LOGGING of a test boring to determine the characteristics of various subsurface strata and (below) examining core samples from test borings



Statements of Earnings FOR THE YEAR ENDED MAY 31, 1962

(With comparative figures for the Authority for the year ended May 31, 1961)

Year ended May 31, 1962

	South Bay Division	Huntington- Babylon- Sag Harbor Division	Authority (combined)	Year ended May 31, 1961 Authority (combined)
Revenue:				
Operating	\$3,146,987	\$1,437,239	\$4,584,226	\$4,272,238
Other	57,884	23,189	81,073	43,302
Total revenue	3,204,871	1,460,428	4,665,299	4,315,540
Operating expenses:				
Operation	1,007,913	495,854	1,503,767	1,418,449
Maintenance	211,169	81,953	293,122	346,032
Total operating expenses, except depreci- ation deducted below	1,219,082	577,807	1,796,889	1,764,481
Net earnings before interest and depreciation (Note D)	1,985,789	882,621	2,868,410	2,551,059
Deduct:				
Interest on bonds and notes	757,216	316,973	1,074,189	898,902
Bond redemption premium	3,060	—	3,060	3,690
Amortization of debt discount and expense	15,811	8,929	24,740	22,630
Depreciation	351,130	166,619	517,749	452,849
	1,127,217	492,521	1,619,738	1,378,071
Net earnings	858,572	390,100	1,248,672	1,172,988
Earnings employed in the business at beginning of period	4,572,205	2,028,342	6,600,547	5,427,559
Earnings employed in the business at close of period, per balance sheet	\$5,430,777	\$2,418,442	\$7,849,219	\$6,600,547

(See notes to financial statements)



Balance Sheets MAY 31, 1962

ASSETS	South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
WATER PLANT, at cost	\$32,686,519	\$13,949,001	\$46,635,520
FUNDS HELD BY FISCAL AGENT (Note A):			
New construction fund	550,644	441,611	992,255
Debt service reserve fund, comprising cash of \$18,474 and U. S. Government securities, at cost of \$1,591,166 (quoted market value \$1,608,007)	1,126,900	482,740	1,609,640
Special deposit	—	50,391	50,391
	<u>1,677,544</u>	<u>974,742</u>	<u>2,652,286</u>
CURRENT ASSETS:			
Cash, including time deposits of \$620,000 (Note B)	1,531,311	575,267	2,106,578
Cash held by Fiscal Agent (Note A):			
General fund	214,970	187,405	402,375
Debt service fund	634,105	331,353	965,458
Customers accounts receivable, less estimated doubtful accounts	252,076	114,437	366,513
Other accounts receivable	5,032	31,862	36,894
Accrued unbilled revenue	104,967	41,424	146,391
Interdivisional current accounts	104,611	(104,611)	—
Materials and supplies, at cost	210,535	40,493	251,028
Prepayments	29,081	5,292	34,373
	<u>3,086,688</u>	<u>1,222,922</u>	<u>4,309,610</u>
DEFERRED CHARGES:			
Unamortized debt discount and expense	392,394	164,490	556,884
Other	12,017	280	12,297
	<u>404,411</u>	<u>164,770</u>	<u>569,181</u>
	<u>\$37,855,162</u>	<u>\$16,311,435</u>	<u>\$54,166,597</u>

LIABILITIES	South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
WATER WORKS REVENUE BONDS (Note A):			
Series A	\$ 6,454,000	\$ 4,460,000	\$10,914,000
Series B	—	1,360,000	1,360,000
Series C	—	2,975,000	2,975,000
Series B-D	2,750,000	—	2,750,000
Series E	2,440,000	—	2,440,000
Series F	5,450,000	—	5,450,000
Series G	4,500,000	—	4,500,000
	<u>21,594,000</u>	<u>8,795,000</u>	<u>30,389,000</u>
BOND ANTICIPATION NOTES, SERIES D (Note C)	<u>—</u>	<u>800,000</u>	<u>800,000</u>
CURRENT LIABILITIES:			
Accounts payable	705,778	243,120	948,898
Accrued interest on bonds	355,750	160,853	516,603
Other accrued liabilities	257,179	47,998	305,177
Customers deposits	565,362	304,291	869,653
Current maturities of revenue bonds	294,000	170,000	464,000
	<u>2,178,069</u>	<u>926,262</u>	<u>3,104,331</u>
INTERDIVISIONAL ADVANCE ACCOUNTS	170,000	(170,000)	—
ADVANCES FOR CONSTRUCTION	5,472,548	2,085,433	7,557,981
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,268,667	630,154	1,898,821
ACCUMULATED DEPRECIATION SINCE ACQUISITION	1,741,101	826,144	2,567,245
EARNINGS EMPLOYED IN THE BUSINESS, per accompanying statement	5,430,777	2,418,442	7,849,219
	<u>\$37,855,162</u>	<u>\$16,311,435</u>	<u>\$54,166,597</u>

(See notes to financial statements)

Notes to Financial Statements MAY 31, 1962

NOTE A:

The Authority's resolutions authorizing the bond issues require that all revenues be deposited in the name of the fiscal agent and allocated to specific funds. The Authority's bonds are payable as to principal and interest only out of revenues of properties operated by the division that issued

them. After certain dates, bonds are redeemable in the inverse order of their maturity at varying prices in excess of principal amount depending upon the redemption date. The bonds bear annual interest rates and mature as follows:

Series	Interest Rate	Principal Amount	Dates	Maturity* Annual Amounts
South Bay Division:				
A	2¾%	\$ 4,005,000	1963-1984	\$140,000 to \$235,000
A (Term)	2¾%	2,449,000	1963-1985	69,000 to 263,000
B-D	3½%	1,980,000	1963-1988	45,000 to 115,000
	5%	770,000	1989-1994	120,000 to 140,000
E	5%	40,000	1963-1964	20,000
	4%	1,200,000	1965-1987	25,000 to 125,000
	4.10%	1,200,000	1988-1996	125,000 to 200,000
F	5%	135,000	1963-1967	25,000 to 30,000
	4½%	440,000	1968-1979	30,000 to 45,000
	4.10%	4,875,000	1980-1998	45,000 to 350,000
G	5%	200,000	1963-1971	20,000 to 25,000
	4%	2,700,000	1972-1996	25,000 to 250,000
	4.10%	300,000	1997	300,000
	4%	1,300,000	1998-2000	300,000 to 500,000
		<u>\$21,594,000</u>		
Huntington-Babylon-Sag Harbor Division:				
A	3%	\$ 1,395,000	1963-1971	\$135,000 to \$175,000
	3¼%	3,065,000	1972-1985	180,000 to 265,000
B	3½%	1,360,000	1963-1988	10,000 to 315,000
C	5%	150,000	1963-1968	25,000
	3½%	140,000	1969-1973	25,000 to 30,000
	3¾%	300,000	1974-1981	30,000 to 40,000
	3.9%	1,185,000	1982-1990	45,000 to 400,000
	4%	1,200,000	1991-1993	400,000
		<u>\$ 8,795,000</u>		

*The bonds are serial bonds which mature in increasing annual instalments, except that \$2,449,000 of the Series A bonds of the South Bay Division and the Series B bonds of the Huntington-Babylon-Sag Harbor Division are term bonds which mature on June 1, 1985 and 1988, respectively. However, the resolutions authorizing these issues provide for the retirement of the term bonds in increasing annual amounts out of sinking funds accumulated for this purpose. The annual maturities shown for serial bonds represent the amounts maturing in 1963 and in the last year of their term, respectively, and the sinking fund payments have been treated as maturities for the term bonds.

NOTE B:

A substantial portion of cash represents moneys received from the New Construction Fund held by the fiscal agent and from housing developers to be used solely for new construction.

NOTE C:

During the fiscal year ended May 31, 1962, the following Series D Bond Anticipation Notes maturing December 1, 1962, were issued under a resolution adopted by the Authority on November 20, 1961, which authorized the issuance of \$2,000,000 of Series D bonds of the Huntington-Babylon-Sag Harbor Division:

Date	Interest Rate	Principal Amount
December 15, 1961	2¼%	\$300,000
April 2, 1962	2%	500,000
		<u>\$800,000</u>

On June 25, 1962, the Authority by supplemental resolution approved the issuance of an additional \$500,000 of Series D Bond Anticipation Notes of the Huntington-Babylon-Sag Harbor Division which notes are dated July 16, 1962, to mature December 1, 1962, with interest at 1¾% per annum.

On July 23, 1962, the Authority by resolution authorized the issuance of \$3,500,000 of Series H bonds of the South

Bay Division and also approved the issuance of \$2,000,000 of Series H Bond Anticipation Notes dated August 1, 1962, to mature February 1, 1964, with interest at 2¼% per annum.

NOTE D:

Debt service requirements (annual interest on outstanding bonds and notes, principal of bonds maturing serially, and sinking fund requirements of bonds redeemable through sinking fund) for the year ended May 31, 1962 were \$1,054,321 for the South Bay Division and \$486,973 for the Huntington-Babylon-Sag Harbor Division. Net earnings before interest and depreciation for the year ended May 31, 1962 for the South Bay Division equaled 1.88 times debt service requirements and for the Huntington-Babylon-Sag Harbor Division equaled 1.81 times debt service requirements.

Debt service requirements of the bonds for the next five years ending May 31, are as follows:

Fiscal Year	South Bay Division	Huntington-Babylon-Sag Harbor Division
1963	\$1,116,103	\$477,327
1964	1,116,713	476,678
1965	1,116,845	475,877
1966	1,116,428	474,928
1967	1,120,888	479,028

COMMUNITIES SERVED

Amityville

Retail:
Amityville
Copiague

Bay Shore

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

Babylon*

Babylon
Deer Park
Lindenhurst
North Babylon
West Babylon

Kings Park

Retail:
Commack
Kings Park
Wholesale:
Smithtown‡

Huntington*

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

Northport

Asharoken
Commack
East Northport
Huntington Station
Northport

Patchogue

Bayport
Bellport
Blue Point
Bohemia
Patchogue
Sayville
West Sayville

Port Jefferson

Retail:
East Hills
East Setauket
Poquot
Port Jefferson
Port Jefferson Station

Port Jefferson

Wholesale:
Stony Brook‡
Pipe ,Stave Hollow‡

Sag Harbor*

North Haven
Sag Harbor

Smithtown

Retail:
Hauppauge
Head-of-the-Harbor
Smithtown
The Branch
Wholesale:
St. James‡

Southampton

Southampton

Westhampton Beach

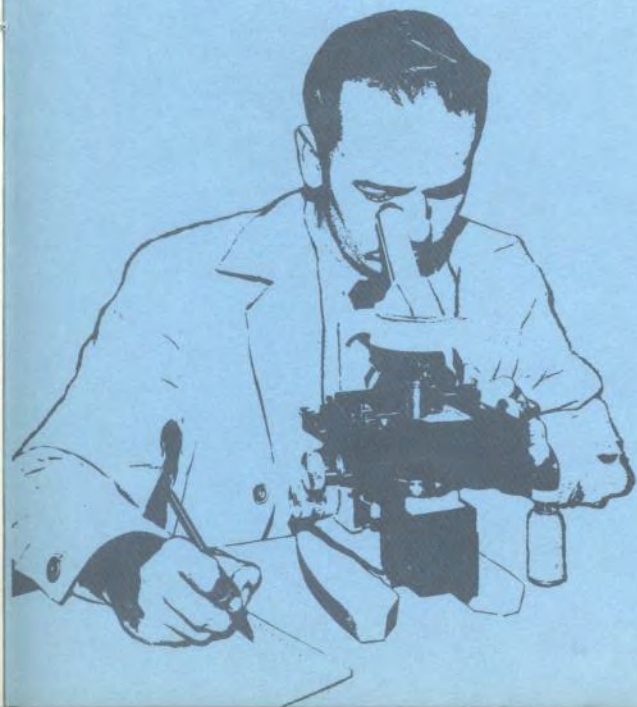
East Quogue
Quogue
Quioque
Westhampton
Westhampton Beach

* Huntington-Babylon-Sag Harbor Division.

‡ Water Districts.

Facts about the Suffolk County Water 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 Resources Commission. It is authorized to acquire, construct, develop, and operate a public water supply system in Suffolk County. The Authority has no power to levy any taxes. It is dependent on revenues to operate its business.





Suffolk County Water Authority