



**Suffolk
County
Water
Authority
Annual
Report
1966**

AUTHORITY MEMBERS

RICHARD D. ZEIDLER
Chairman

EDWARD McGOWAN
Secretary

HERMON L. BISHOP
Treasurer and Assistant Secretary

RICHARD E. ALLEN

MATTHEW B. KONDENAR

LOUIS W. WEINFURT
General Manager

JOHN H. SCHEETZ
Executive Secretary

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

HERBERT C. KOEHLER
*Assistant General Manager
Distribution*

KENNETH L. MORRIS
*Assistant General Manager
Commercial Office Operations*

EUGENE SIDOTI
Controller

J. LEONARD NEWMAN
Chief Accountant

VAN NOSTRAND & MARTIN
Counsel

N. F. FENN
Resident Engineering Consultant

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. INCORPORATED, NEW YORK
Financial Advisors

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The Chairman's Letter

The Authority maintained its excellent financial position throughout the fiscal year, which ended May 31, 1966. Its growth pattern remained the same as has been experienced since the Authority first began producing and distributing water in 1951. Revenues for the year were up 13.1% for a total of \$8,216,831 as compared with \$7,263,966 in the previous year. Revenues before interest and depreciation totaled \$5,201,904, or 1.98 times debt service.

The Authority's growth during the year is reflected by the addition of 11,044 new customers, bringing the total number of active services to a new high of 133,875. Accompanying this growth was the addition of 154 miles of main and the placing of 845 new fire hydrants in service, bringing the total to 12,454. Water production also reached a new high of 15,647 million gallons as compared with 14,729 million gallons for the previous fiscal year. It is estimated that the Authority now serves more than 500,000 people or more than 50 per cent of Suffolk County's population.

Sufficient funds to complete budgeted construction for the fiscal period were obtained in the \$15,000,000 Series J bond issue sold August 25, 1965, at the start of this fiscal period, at the average low interest rate of 3.46%. This issue also provided funds for continuing construction into the 1966-67 fiscal year without going into the high money market for additional funds to complete budgeted construction.

Authority cooperation in water resources studies, designed to insure a continued supply of water for all of Suffolk County, was continued throughout the fiscal period and will be expanded during the 1966-67 period. The Authority will participate with the State and County in a \$790,000 water resources study. This is in addition to its cooperation with U.S. Geological Survey and the Suffolk County Health Department in continuing studies of the County's water resources.

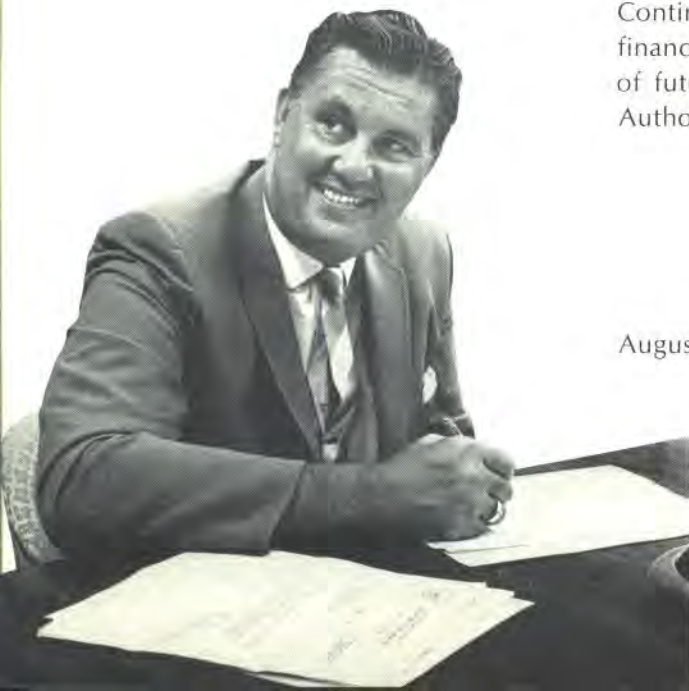
Continued emphasis was placed upon planning to maintain the financial growth of the Authority. In line with this, all forecasts of future growth indicate that the present growth rate of the Authority will continue.

For the Members of the Authority



Chairman

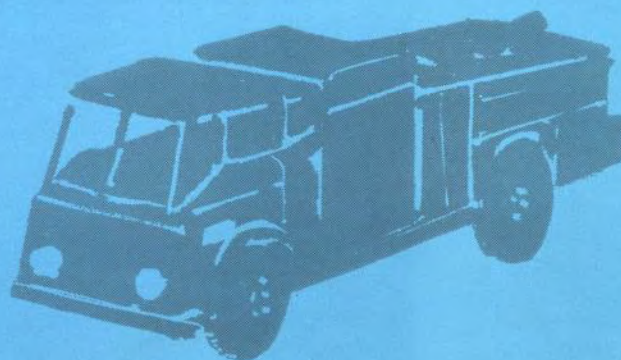
August 8, 1966



The Year's Results in Brief

YEAR ENDED MAY 31

	1966	1965
Revenues	\$ 8,216,831	\$ 7,263,966
Operating and Maintenance Expense, except depreciation	3,014,927	2,774,634
Interest on bonds and notes; also amortization of debt discount and expense	1,953,432	1,581,793
Depreciation	918,566	783,575
Revenues Invested in Facilities for the Year	2,329,906	2,123,964
Revenues Invested in Facilities <i>(since June 1, 1951)</i>	15,842,515	13,512,609
Total Water Plant at cost	81,028,537	72,298,228
Net Additions to Water Plant <i>(excluding property acquisitions)</i>	8,350,599	9,811,255
Customers (Active Services)	133,875	122,831
Miles of Mains in Service	2,054	1,900
Fire Hydrants in Service	12,454	11,609
Water Production (Million Gallons)	15,647	14,729



Review of the Year's Operations

In keeping with the continuing growth of Suffolk County, the Authority's program for new construction was correspondingly high. The results of the year's operations bore out original forecasts.

During this period, 11,044 new customers were added, reaching a total of 133,875. Included in this total were 1,106 added through the acquisition of Green Turf Water Co., Inc.; Colonial Springs Water Company, Inc.; New Zone, Inc.; Forest Brook Acres Water Supply, and the East Hills Water District.

Not included in the above total were four water districts which purchase their water from the Authority. These districts had 7,190 customers as of May 31, 1966. The water services of the Authority, therefore, extended to a total of 141,065 customers—or to an estimated 500,000 residents, comprising about one-half of the population of the County.

Water production for the fiscal year was 15,647 million gallons. Revenues for the year reached a total of \$8,216,831, as compared with \$7,263,966 in the previous fiscal year, an increase of 13.1%.

Revenues before interest and depreciation, namely, revenues available for debt service, were \$5,201,904 or 1.98 times debt service.

At the close of the fiscal year, \$15,842,515 of the Authority's plant cost represented revenues of the Authority reinvested in the business.



*A portion of the
154 miles of new main
added to the system
this year being installed.
Total—2054 miles.*

Financial Review

In order to provide new construction money and redeem \$3,175,000 4.0% to 5.0% outstanding Bonds, the Authority sold an issue of bonds, Series J, in the amount of \$15,000,000 to the lowest bidder at 3.46% average interest cost on August 25, 1965. The saving in interest applicable to the redeemed bonds averages approximately \$30,000 per annum over the periods these bonds would have been outstanding. Series J Bonds were dated June 1, 1965 and mature serially to 2002.

At this low interest rate, the Authority generated sufficient new funds to complete budgeted construction for the fiscal period just completed, as well as funds for carrying on construction into the 1966-67 fiscal year.

Plant Facilities

At Acquisition—1951, 1953, 1960, 1961, 1963, 1964, and 1965

As of May 31, 1966

Service Areas or Plants	Wells in Service		Pumping Plants				Storage Facilities				Active Services	
			No.		Capacity—1000 Gals. Daily*		No.		Capacity in 1000 Gallons			
Amityville	5	9	1	3	936	7,058	1	2	295	1,045	3,260	8,484
Babylon**	12	33	3	10	4,464	32,620	1	3	300	1,550	5,829	28,609
Bay Shore	19	39	2	12	5,040	38,522	2	5	558	2,330	7,366	32,249
East Hampton	5	5	3	3	3,750	3,750	2	2	210	625	2,048	2,179
Huntington	7	20	3	6	4,620	13,760	5	6	1,292	3,832	6,835	12,002
Northport	7	11	3	6	7,500	16,430	4	5	1,700	3,020	8,090	11,016
Patchogue***	8	13	6	8	6,622	13,202	2	5	428	3,343	6,992	14,592
Port Jefferson****	6	15	2	7	2,664	15,988	3	6	863	5,504	3,281	10,243
Sag Harbor	1	2	1	1	432	450	1	1	235	235	662	794
Smithtown- Kings Park*****	8	21	6	10	6,752	23,062	2	4	568	2,084	2,724	9,861
Southampton	2	3	1	1	1,296	1,944	1	1	300	300	1,413	1,868
Westhampton	6	11	1	2	2,160	4,340	1	1	234	500	1,154	1,978
TOTALS	86	182	32	69	46,236	171,126	25	41	6,983	24,368	49,654	133,875
PERCENT INCREASE (since acquisition)					270				249		170	

*Based on 24-hour Operation.

**Includes acquisition of Green Turf Water Co., Inc. (280 services) on June 3, 1965 and Colonial Springs Water Co., Inc. (423 services and 2 wells rated at 500 GPM each) on January 31, 1966.

***Includes acquisition of New Zone, Inc. (260 services) on October 29, 1965.

****Includes acquisition of East Hills Water District (51 services) on May 31, 1966.

*****Includes acquisition of Forest Brook Acres Water Supply (92 services) on May 31, 1966.

Geologic Water Resources Investigations

The Authority will play a major role in conducting the Comprehensive Water Supply Study authorized during the year by the County Board of Supervisors. This \$790,000 study will include population studies, zoning land use, highway patterns, drainage areas, and geologic and rainfall studies.

This comprehensive study is being undertaken as a joint venture by the State, County and Water Authority. All aspects related to present conditions and projections into the future will be considered. The findings of the report will be of inestimable value to future planning by the Authority. As it has in the past, laboratory and engineering facilities and technical assistance will be made available for the study, by the Authority.

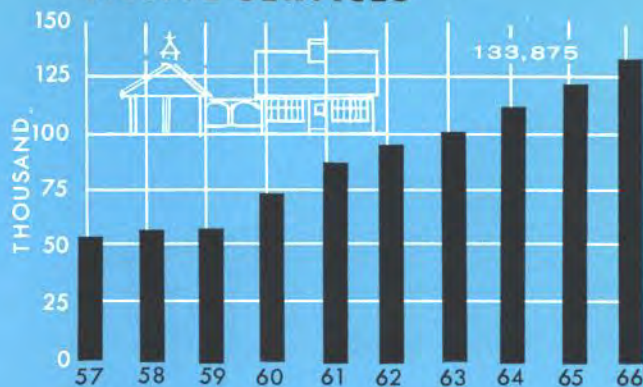
In financial cooperation with the Water Authority, the Suffolk County Board of Supervisors and the Federal Government, the cooperative program of water resources investigations conducted largely by the U. S. Geological Survey is being continued. This program has been in existence since the inception of the Authority in 1951.

In connection with the joint project, the Authority provides a certain amount of laboratory assistance. Ground water levels are measured periodically. In addition, the U. S. Geological Survey continues to collect well records, pumpage data and core samples. Stream gaging records are compiled according to schedule at regular stations in the County.

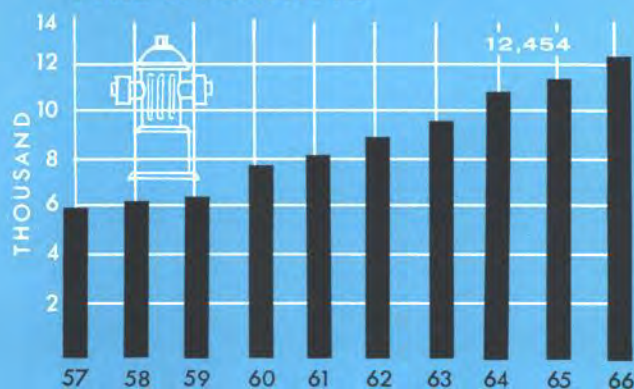
Surface water measurements are made periodically and precipitation data at Suffolk County sites are collected and compiled. Samples are collected bimonthly from most of the streams in the County, and certain chemical constituents are monitored.

A contract is now under preparation for two (2) more deep wells in Mid-Island from Lake Ronkonkoma and the Nassau County Line.

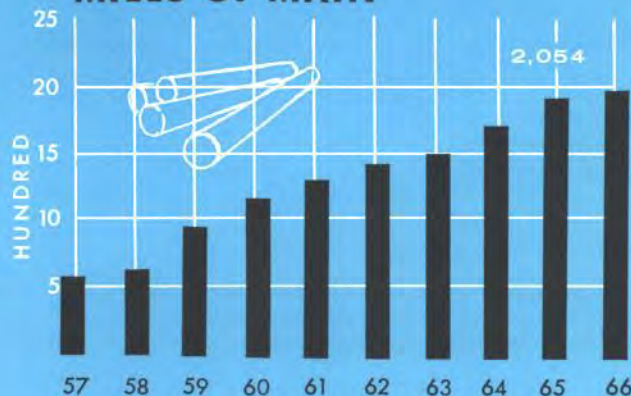
ACTIVE SERVICES



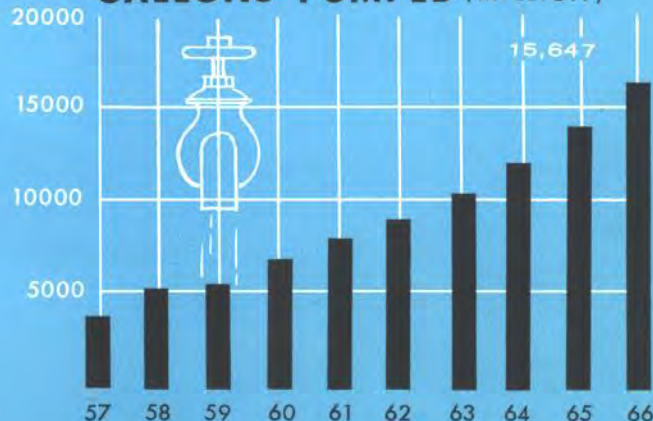
FIRE HYDRANTS



MILES OF MAIN



GALLONS PUMPED (MILLION)



Construction

New construction expenditures in the past fiscal year totalled \$8,603,049, and an additional \$379,710 was invested to purchase existing water properties. Retirements totalled \$252,450, leaving the net figure of additions to the water plant at \$8,730,309. The total cost of the water plant at this time is \$81,028,537.

Included in the additions to the water plant were 154 miles of pipelines and 845 fire hydrants, increasing the miles of pipelines in service to 2,054 and hydrants to 12,454 at the year's end.

During the period covered by this report, 14 new wells and 4 new pump stations were completed and placed into service.

A new 750,000-gallon elevated storage tank is under construction in the Bay Shore Plant. At the Port Jefferson Plant an old brick reservoir was demolished and replaced by a new 276,000-gallon steel ground level tank.

To provide much needed additional space for the Accounting and Data Processing Departments, an addition of 5,000 square feet was made to the Administration Building at Oakdale.

Management and Personnel

Mr. Franklin S. Koons, who had served the Authority for fourteen years first as its Chairman and its first Executive Secretary, resigned in February 1966.

Mr. John H. Scheetz was named to succeed him as Executive Secretary on March 1, 1966. He comes to the Authority with a background of experience in government and journalism, having served as a newspaper editor and as assistant to the Supervisor of the Town of Brookhaven.

The collective bargaining agreement with Local No. 393, Utility Workers Union of America, was in the final year of its contract. Negotiations were under way between the Authority and the Union for a new contract as the fiscal year closed.

The cooperation and dedicated service of employees during the year has made it possible to cope with the Authority's rapid expansion. For this cooperation the Members of the Authority wish to express their deep appreciation.

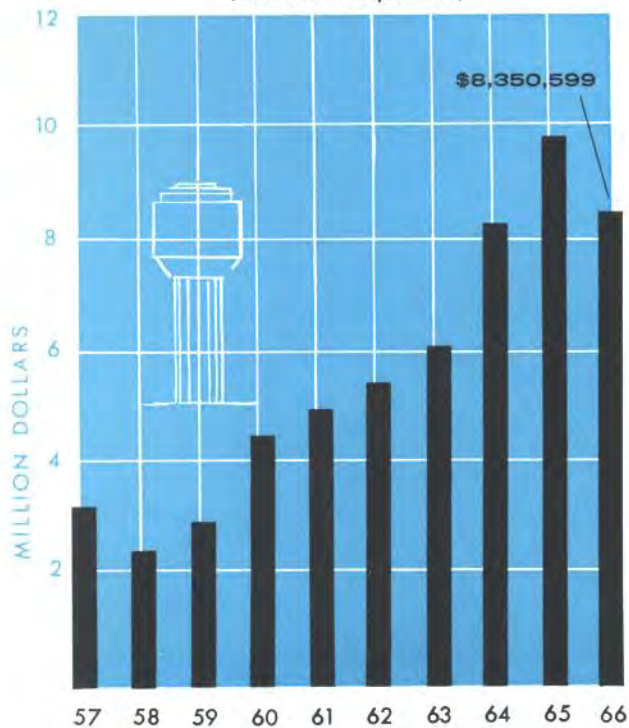
Authority Members
(left to right)

Richard D. Zeidler, Chairman
Edward McGowan, Secretary
Richard E. Allen
Matthew B. Kondenar
Hermon L. Bishop, Treasurer



NET ADDITIONS TO PLANT

(exclusive of acquisitions)

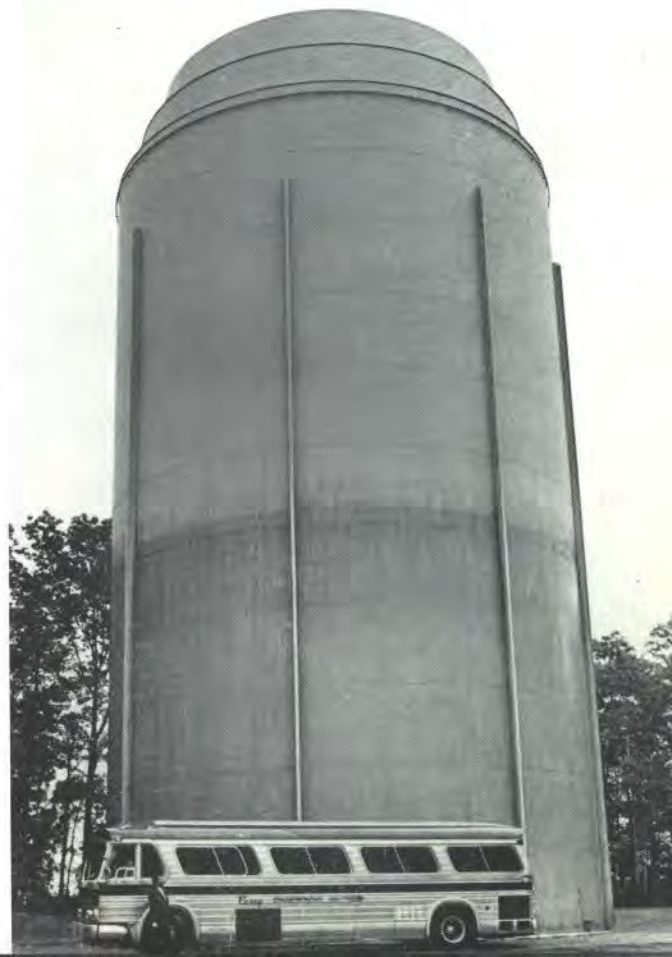


Man and bus are dwarfed by 1,300,000-gallon standpipe, dramatically illustrating tremendous size of Authority's storage facilities.

Customer Relations

This facet of operations has long been recognized as being extremely important if the Authority is to continue to maintain its strong financial position. Personnel are encouraged not to be content with the mere "satisfied" customer, but to strive to have all "pleased" customers. That slight difference in emphasis accounts for an increasing sensitivity and an awareness by all personnel of the importance of the Authority's customer relations.

Local office managers and their staffs are encouraged to participate actively in the affairs of the community by joining civic, school, church, and service organizations. They and their staffs are trained to be alert to opportunities in which the Authority can demonstrate its genuine interest in the customer and in his community. During the past year, thousands of personal conferences and group meetings were held with customers to provide them with the best water service available anywhere, and to have them leave our offices as "pleased" customers.



Highlights of the Year

1966 New York State Water Authority's
Conference held at
Suffolk Water Authority.



276,000-gallon ground level storage tank
replaced an old brick reservoir
at St. Charles Hospital site.
Well vault shown in left foreground.



5,000-square-foot addition
to house accounting and
data processing department
added to Administration building.

Going up is new 750,000-gallon tank
which was completed this year as part of
pump station complex at Emjay Boulevard.



Installing a new deep well turbine pump
in a newly completed large capacity well.

Statement of Revenues

For the Years Ended May 31, 1966 and 1965

	YEAR ENDED MAY 31	
	1966	1965
Revenues:		
Operating	\$ 7,904,411	\$ 7,124,039
Interest	312,420	139,927
Total revenues	<u>8,216,831</u>	<u>7,263,966</u>
Operating expenses:		
Operation	2,443,901	2,234,993
Maintenance	571,026	539,641
Total operating expenses, except depreciation deducted below . .	<u>3,014,927</u>	<u>2,774,634</u>
Revenues before interest and depreciation (Note C)	<u>5,201,904</u>	<u>4,489,332</u>
Deduct:		
Interest on bonds and notes	1,896,364	1,535,021
Amortization of debt discount and expense	57,068	46,772
Depreciation	918,566	783,575
	<u>2,871,998</u>	<u>2,365,368</u>
Revenues invested in facilities:		
For the year	2,329,906	2,123,964
At beginning of year	13,512,609	11,388,645
At end of year	<u>\$15,842,515</u>	<u>\$13,512,609</u>



Balance Sheet

MAY 31, 1966 and MAY 31, 1965

ASSETS	MAY 31	
	1966	1965
WATER PLANT, at cost	\$81,028,537	\$72,298,228
Less—Accumulated depreciation	5,040,794	4,316,818
	75,987,743	67,981,410
FUNDS HELD BY FISCAL AGENT (Notes A and B):		
New Construction Fund	381,636	128,524
Debt Service Reserve Fund, comprising cash of \$23,991 (\$11,148—1965) and U. S. Government securities at cost, which approximates market . . .	3,011,901	2,365,061
Bond Proceeds Fund, comprising cash of \$113,903 (none in 1965) and U. S. Government securities at cost, which approximates market . . .	3,185,220	2,766,854
	6,578,757	5,260,439
CURRENT ASSETS:		
Cash (Note B)	1,873,794	1,972,345
Funds held by Fiscal Agent (Note A):		
General Fund	228,320	186,188
Debt Service Fund	1,663,495	1,331,186
U. S. Government securities at cost, which approximates market, and bank certificates of deposit (\$500,000 in 1966)	1,174,635	617,274
Accounts receivable, less estimated doubtful accounts	717,952	676,701
Accrued unbilled fire protection revenue	269,351	235,434
Materials and supplies, at average cost	604,601	428,541
Prepayments	48,719	60,682
	6,580,867	5,508,351
DEFERRED CHARGES:		
Unamortized debt discount and expense (Note D)	1,648,642	1,436,102
Other	28,185	30,160
	1,676,827	1,466,262
	\$90,824,194	\$80,216,462

MAY 31

LIABILITIES

1966

1965

WATER WORKS REVENUE BONDS (Notes A and D)	\$53,967,000	\$42,839,000
BOND ANTICIPATION NOTES (Note D)		5,000,000
CURRENT LIABILITIES:		
Accounts payable	860,679	1,284,648
Accrued interest on bonds and notes	956,331	772,599
Other accrued liabilities	629,750	401,473
Customers' deposits	1,404,976	1,274,283
Current maturities of revenue bonds	727,000	576,000
	4,578,736	4,309,003
ADVANCES FOR CONSTRUCTION	10,078,265	9,389,408
CONTRIBUTIONS IN AID OF CONSTRUCTION	6,357,678	5,166,442
REVENUES INVESTED IN FACILITIES	15,842,515	13,512,609
	\$90,824,194	\$80,216,462

Notes to Financial Statements MAY 31, 1966

Note A—Bonds Outstanding:

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. After certain dates,

bonds are redeemable in inverse order of maturity at varying prices in excess of principal amount depending upon the redemption date. The bonds bear annual interest rates and mature as follows, exclusive of current maturities:

Series	Interest Rate	Principal Amount	Maturity*	
			Date	Annual Amounts
A	2¾%	\$ 3,430,000	1984	\$155,000 to \$ 235,000
A (Term)	2¾%	2,152,000	1985	78,000 to 263,000
B-D	3½%	1,775,000	1988	55,000 to 115,000
F	4.10-5%	5,345,000	1998	30,000 to 350,000
G	4-5%	4,420,000	2000	20,000 to 500,000
H	3¼-5%	5,425,000	2001	25,000 to 1,100,000
I	3¼-5%	16,575,000	2002	220,000 to 1,000,000
J	0.10-5%	14,845,000	2002	170,000 to 910,000
		<u>\$53,967,000</u>		

*The Bonds are serial bonds which mature in increasing annual instalments, except that \$2,152,000 of the Series A bonds are term bonds which mature on June 1, 1985. However, the resolution authorizing this issue provides for the retirement of the term bonds in increasing annual amounts out of the sinking fund accumulated for this purpose. The annual maturities shown for serial bonds represent the amounts maturing in 1967 and in the last year of their term, respectively, and the required sinking fund payments have been treated as maturities for the term bonds.

Note B—Funds Held by Fiscal Agent:

A substantial portion of cash represents monies received from the New Construction Fund held by the Fiscal Agent and from housing developers to be used solely for new construction. In addition, the Bond Proceeds Fund is similarly restricted.

Note C—Debt Service Requirements:

Debt service requirements (interest on bonds and notes, principal of bonds maturing serially, and sinking fund requirements) for the year ended May 31, 1966, were \$2,626,444. Revenues before interest and depreciation for the year ended May 31, 1966, equaled 1.98 times debt service requirements.

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

Fiscal Year	Amount
1967	\$2,692,703
1968	2,692,160
1969	2,691,593
1970	2,694,295
1971	2,693,983

Note D—Issue and Redemption of Bonds During Fiscal Year:

On September 13, 1965, the Authority delivered \$15,000,000 of Water Works Revenue Bonds, Series J. The proceeds from the sale of the Series J Bonds were used, in part: (1) to redeem

and pay the principal of and redemption premium on all outstanding Series E Bonds and \$770,000 of Series B-D 5% Water Works Revenue Bonds maturing 1989 through 1994; (2) to pay the then outstanding Bond Anticipation Notes; and (3) to increase the Debt Service Reserve Fund as required by the Resolution and the Supplemental Resolution. The remaining proceeds were used to pay the expenses of the issuance and sale of the Series J Bonds and to meet new construction requirements.

The redemption premium and the applicable portions of un-amortized debt discount and expense of the redeemed bonds are being amortized over the life of the Series J Bonds.

Note E—Bonds Maturing or Redeemable On or Before June 1, 1968:

There are outstanding \$2,900,000 Huntington-Babylon-Sag Harbor Division Water Works Revenue Bonds, Series C, maturing or redeemable on or before June 1, 1968, heretofore issued by the Authority as obligations secured by the revenues derived from the Authority's former Huntington-Babylon-Sag Harbor Division. The Authority has elected to call for redemption on June 1, 1968 all the bonds maturing after that date and has deposited irrevocably in trust with the Fiscal Agent payments in full of the principal, premium and interest on such bonds to and including June 1, 1968. The redemption fund has been offset against the outstanding bonds in the financial statements.

Opinion of Independent Accountants

To the Members of
Suffolk County Water Authority

In our opinion, the accompanying balance sheet and statement of revenues present fairly the financial position of Suffolk County Water Authority at May 31, 1966, and the results of its 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.

Mineola, L. I., N.Y.
July 29, 1966

Price Waterhouse & Co.

COMMUNITIES SERVED

Amityville

Amityville
Copiague

Babylon

Babylon
Deer Park
Lindenhurst
North Babylon
West Babylon
Wyandanch

Bay Shore

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

East Hampton

East Hampton

Huntington

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

Kings Park

Retail:
Commack
Kings Park

Wholesale:
Smithtown‡

Northport

Asharoken
Commack
East Northport
Huntington Station
Northport

Patchogue

Bayport
Bellport
Blue Point
Bohemia
Farmingville
Lake Ronkonkoma
East Patchogue
Patchogue
North Patchogue
Sayville
West Sayville

Port Jefferson

Retail:
Belle Terre
Centereach
East Hills
East Setauket
Poquot
Port Jefferson
Port Jefferson Station

Port Jefferson

Wholesale:
Pipe Stave Hollow‡
Stony Brook‡

Sag Harbor

North Haven
Sag Harbor

Smithtown

Retail:
Hauppauge
Head-of-the-Harbor
Nissequogue
Smithtown
The Branch

Wholesale:
St. James‡

Southampton

Southampton

Westhampton Beach

East Quogue
Quogue
Quogue
Westhampton
Westhampton Beach

‡Water Districts.

Suffolk County Water Authority
OAKDALE, LONG ISLAND, NEW YORK

