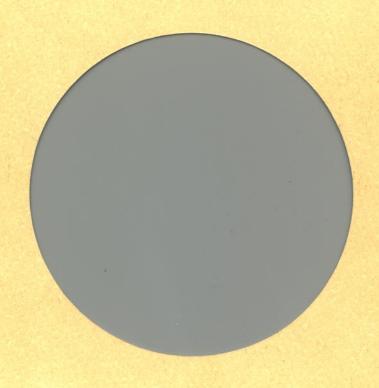
SUFFOLK COUNTY WATER AUTHORITY SERVING SUFFOLK COUNTY FOR 20 YEARS







BOARD MEMBERS

HERMON L. BISHOP, Treasurer and Assistant Secretary MATTHEW B. KONDENAR, Secretary J. HARVEY McCOY / H. WARD ACKERSON LOUIS W. WEINFURT, General Manager JOHN H. SCHEETZ, Executive Secretary WILLIAM J. SCHICKLER, 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 HOMER F. GARDNER, Resident Engineering Consultant WILLIAM V. BURNELL and Associates, Consulting Engineer STONE & WEBSTER ENGINEERING CORPORATION, Advisory Engineers UNITED STATES TRUST CO. OF NEW YORK, Fiscal Agent PRICE WATERHOUSE & CO., Independent Accountants THE PRESSPRICH CORPORATION OF NEW YORK, Financial Advisors



UTHORITY financial results for fiscal 1971 followed the upward trend established over the past 20 years of operation. Improvement was registered in all areas with net revenues before interest and depreciation standing at \$7,744,677, or 1.74 times debt service. Probably the most important undertaking of the Authority during fiscal 1971 was the success in having legislation enacted to ban the sale of detergents within Suffolk County. HIS action was taken by represented the first comthe Suffolk County Legislature and prehensive legislation passed nation wide regulating detergent sales. Passage of this legislation was urged following conclusion of exhaustive scientific studies of the available water resources conducted by experts representing all concerned governmental agencies which demonstrated clearly the dangers detergents presented to the County's water supply. This ban is recognized as a stopgap measure and is being viewed





MESSAGE

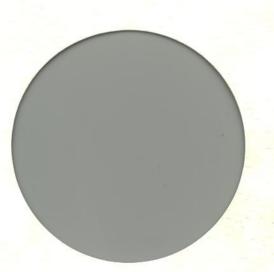
as a means to lessen water pollution pending installation of an adequate sewer system. During the year, the Authority continued its cooperation with the United States Geological Survey and Suffolk County Legislature in studies continually monitoring the county's water supply.

UTHORITY engineers are also employing the latest conservation techniques in all operations and are utilizing test borings to expand available knowledge of our underground water supplies. Water pumpage for fiscal 1971 surged to 24,277,000,000 gals., highest in Authority's history. Total plant value was up \$9,897,532 for a total at year end of \$128,245,704 while revenues invested in facilities since 1951 showed a corresponding increase to \$29,415,326 from the May 31, 1970 high of \$26,555,630.

URING fiscal 1971, service was extended to 7,446 new customers bringing the total served to 179,257. There were 90 miles of main installed under with 768 hydrants being placed in service. The Authority sold a \$6 million Series M Bond Issue to the lowest bidder on August 26, 1970, to provide funds for budgeted construction. Net average interest cost was 6.498 percent.



UTHORITY revenues and operations followed the same upward trend established over the past 20 years of operation during fiscal 1971. Revenues for the third straight year exceeded \$10 million posting a 1.74 times debt service after interest and depreciation. During the year, the number of Authority customers reached a new high, increasing from 171,811 on May 31, 1970, to 179,257; a net increase of 7,446. TATER districts which buy their water from the Authority are not included in the above figure. These districts served approximately 7,700 customers as of May 31, 1971, and bring the Authority's combined total to 186,957 customers or an estimated 655,000 people. Total revenues for fiscal 1971 stood at \$12,641,453, with net revenues before interest and depreciation of \$7,744,677, or 1.74 times debt service. Total plant value increased to \$128,245,704 at year's end as compared with the total as of May 31, 1970, of \$118,348,172. HIS amount includes \$29,415,326 represented by revenues of the Authority invested in the business. During the year, the Authority installed 90 miles of main, bringing the total to 2,687 miles, and 768 fire hydrants were placed in service for a total of 16,646.



OPERATIONS AND

	Year Ended May 31		
	1971	1970	
Revenues	\$12,641,453	\$ 11,538,071	
Operating and Maintenance Expense, except depreciation	4,896,776	4,342,855	
Interest on bonds and notes; also amortization of debt discount and expense	3,394,760	2,848,116	
Depreciation	1,490,221	1,383,536	
Revenues Invested in Facilities for the Year	2,859,696	2,963,564	
Revenues Invested in Facilities (since June 1, 1951)	29,415,326	26,555,630	
Total Water Plant at cost	128,245,704	118,348,172	
Net Additions to Water Plant (excluding property acquisitions)	9,897,532	9,479,024	
Customers (Active Services)	179,257	171,811	
Miles of Mains in Service	2,687	2,597	
Fire Hydrants in Service	16,646	15,878	
Water Production (Million Gallons)	24,277	21,699	



RESULTS

OVING FORWARD was the theme this year of the Authority's construction program with more than \$10 million being expended for new facilities for the first time in Authority history. Every phase of Authority operations was expanded or enlarged in an effort to keep pace with the ever growing demands being placed upon the water plant for increased service by the Authority's 179,257 customers. The Authority's construction program for fiscal 1971 saw the expenditure of \$10,047,402 on new facilities. Retirements for the same period totalled \$149,870, for a net addition to water

plant of \$9,897,532. station design created thority's own engiapproved and



A new pump by the Auneering staff represents a

major effort by the Authority to cooperate in the current battle to improve our environment by reducing as much pollution as possible. Included in the new design is the change-over from oil heat to electric in order to cut down on air pollution at all future well field sites.

The long-term effects of this action on air pollution in Suffolk can be tremendous, since the Authority is currently operating 97 pump stations and is adding new ones at the rate of six to eight a year. RIOR to this, each pumping station was equipped with its own oil burner and was contributing to the general air pollution level of the county. The switch is also being accompanied by an entirely new approach and design in the overall building. An attempt has been made to make the new building maintenance-free by utilizing new design techniques and materials. The colonial design of the buildings will be maintained; however, they will have no windows, will be lower than previous structures and will contain more square footage. Another new program relating to construction was begun by the Authority during the past year. Following a review of results obtained from a sample installation of remote meter readers placed

resolution requiring all future construction to

provide either outside meter vaults or remote readers at the customer's expense. This is considered a major step toward modernizing the meter reading operation and to reduce actual meter reading costs. Seventeen new wells were added to the water plant during fiscal 1971 increasing pumping capacity by more than 31 million gallons of water daily.

outside of dwellings, the Authority passed a

OTAL pumping daily capacity stands at 289,856,000 gallons. In conjunction with the new wells, four new pump stations were added to the water plant during the year. These pump stations represent an estimated cost in excess of



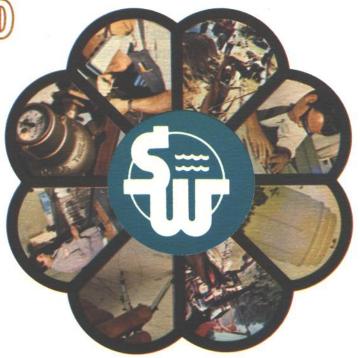
\$800,000. Storage capacity of the Authority was enlarged during the year with the completion of three large storage facilities. Work was completed on a 2,290,000 gallon standpipe, the largest standpipe ever constructed by the Authority, at Locust Drive, North Bay Shore. This \$263,000 standpipe has a 60 foot diameter and is 110 feet high

to the overflow. Also a 1,900,000 gallon New York Avenue, Sound Beach. This standpipe is

completed was standpipe on 55 feet in dia-

meter and is 110 feet high. The third storage facility completed was a 750,000 gal. elevated tank at the Kings Park Road station in Commack. During the year there were 90 miles of pipeline and 768 fire hydrants installed as part of the net additions to plant facilities. This brings the Authority's total miles of pipeline to 2,687 with a total of 16,646 fire hydrants in service.

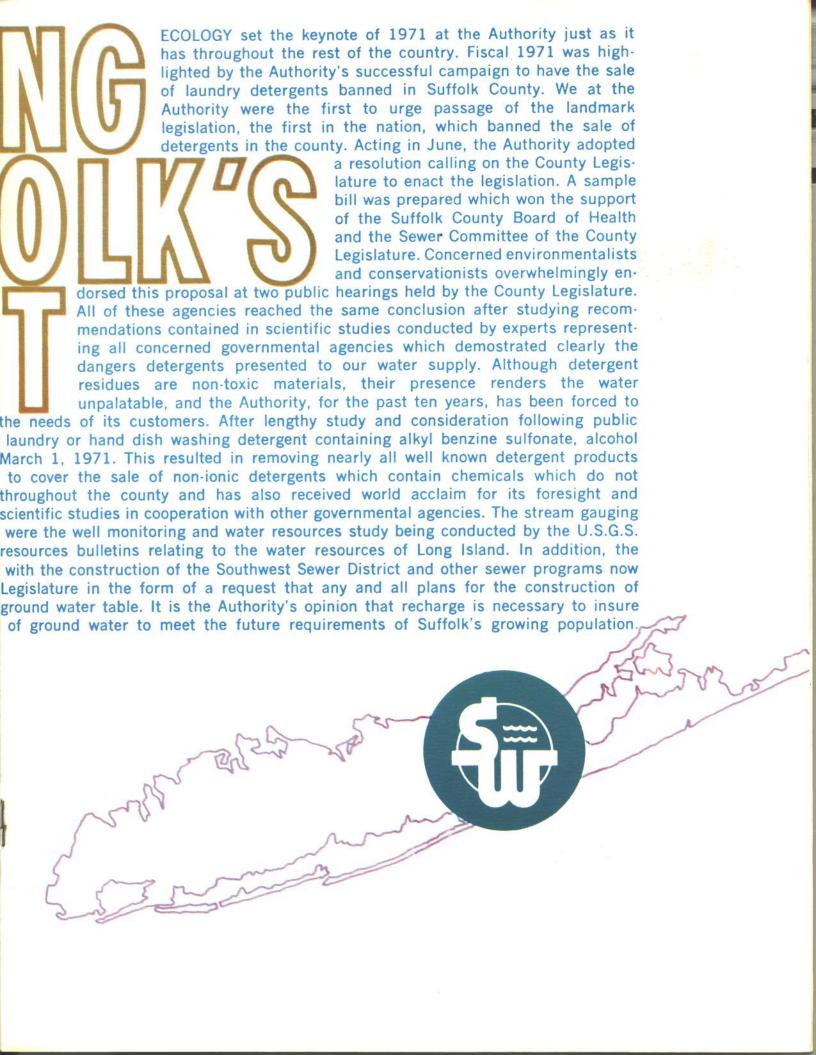
MOVES FORWARD



PISSING SINGLES AT CONSIDERABLY greater expense in order to obtain water to meet to some single sin single single single single single single single single single

drill deeper wells at considerably greater expense in order to obtain water to meet informational hearings, the Suffolk County Legislature acted to ban the sale of any sulfate, or any other methylene blue active substances within Suffolk County after from the supermarket or grocery store shelves. The original law was later amended break down in cesspools. The ban has received widespread support from housewives ecological benefits in the fight against pollution. The Authority was also active in other program in cooperation with the United States Geological Survey was continued as The Authority also began preparations for publication of its own series of water Authority renewed its call for recharge of any treated sewerage effluent in connection planned for Suffolk. The Authority's position was presented to the Suffolk County sewers within Suffolk County contain provision for recharge of effluent to the under the continued balance of the salt water interface and to maintain a sufficient amount





N AUGUST 11, 1970, Mr. Matthew B. Kondenar was reappointed as a member of the Authority by the Suffolk County Legislature. Mr. Kondenar has served as an Authority member since March of 1965, serving as Secretary of the Authority



since 1969. Mr. Kondenar's five year term will expire on March 29, 1975. In a similar resolution passed by the County Legislature, Mr. J. Harvey McCoy of Huntington was reappointed to a five

year term which will expire March 29, 1974. Mr. McCoy has served as a member of the Authority since 1967. Several changes also occurred in the operating staff brought about

which provided for a nine percent increase for the first year of the contract with a 6 percent raise at the beginning of the second year and a 5 percent wage increase to become effective January 11, 1972. Similar increases were granted to Authority employees not covered by the collective bargaining agreement.

T the close of the fiscal year, which ended May 31, 1971, there were 413 personnel carried on the Authority's payroll as compared to 398 at the close of the previous fiscal year. The members of the Authority would like to extend their appreciation to all employees for their continued cooperation and efforts which have contributed to the success of the Authority in meeting the water needs of the residents of Suffolk County.

by the retirement of William Adam, who had served as manager of the Port Jefferson plant since the Authority began operations in 1951. Mr. Adam had served in a similar capacity for the predecessor company and upon retirement had completed more than 42 years' service in the water supply industry. ICHARD S. Reilly, who had served as manager of Northport District office since 1965 was transferred to Port Jefferson and became manager on June 1, 1971. Mr. Reilly has been employed by the Authority in various managerial positions since 1961. Named to the manager position in the Northport office was James J. Rhatigan. Mr. Rhatigan is a graduate of Fairfield University and holds a bachelor of arts degree. He has been serving as a manager traineel years at various

On September 18,

for the past five Authority offices. 1970, a two year

collective bargaining agreement was signed with Local 393 Utility Workers of America

Service Areas or Plants		Wells In Service	
Amityville	5	11	
Babylon	12	42	
Bay Shore	19	49	
East Hampton	5	5	
Huntington	7	24	
Northport	7	17	
Patchogue	11	27	
Port Jefferson	6	30	
Sag Harbor	1	3	
Smithtown-Kings	Park 10	33	
Southampton	2	5	
Westhampton	8	13	
TOTALS	93	259	

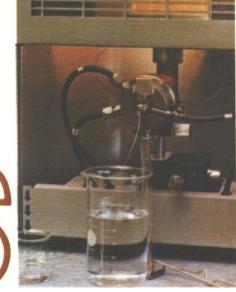
PERCENT OF INCREASE (since acquisition)

^{*}Based on 24-hour operation.

N ANTICIPATION of future capital requirements, the Authority sold a \$6,000,000 Series M Bond Issue on August 26, 1970, to the lowest bidder at an average interest cost of 6.498%. The proceeds of the Series M Bond Issue and other moneys from operations will enable the Authority to continue its construction program for the greater part of the 1971-1972 fiscal period.

URING the 1971 State the temporary increase from 6% to 8% of interest rate limitation applicable to bonds and bond anticipation note issues was continued to July 1, 1972.

FINANCIAL REVIEW



FACILITIES

	1	Pumping Plants			Stora	ge Facilities			
	No.		ty — 1000 . Daily*	101	No.		city in Gallons	Active	Services
1	3	936	10,228	1	2	295	1,045	3,260	9,455
3	13	4,464	48,332	1	5	300	4,770	5,829	35,077
2	14	5,040	53,802	2	7	558	5,370	7,366	40,510
3	3	3,750	3,750	2	1	210	500	2,048	2,356
3	8	4,620	18,514	5	6	1,292	3,832	6,835	12,683
3	9	7,500	26,520	4	5	1,700	3,020	8,090	12,647
8	14	10,942	33,942	2	7	428	6,465	8,094	25,751
2	13	2,664	38,528	3	7	863	7,404	3,745	19,461
1	2	432	1,170	1	1	235	235	662	853
8	14	10,784	47,130	2	5	568	2,834	3,589	15,986
1	1	1,296	3,600	1	1	300	300	1,413	2,067
2	3	2,229	4,340	1	1	234	500	1,154	2,411
37	97	54,657	289,856	25	48	6,983	36,275	52,085	179,257

430

420

244



TO THE MEMBERS OF SUFFOLK COUNTY AUTHORITY

N OUR opinion, the accompanying balance sheets, the related statements of revenues and statements of changes

in financial position present fairly the financial position of

Suffolk County Water Authority at May 31, 1971 and 1970, the results of its operations, and the supplementary information on financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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.

170 Old Country Road Mineola, L.I., N.Y. 11501 July 16, 1971

	Year ende	d May 31,
Valuable Committee Committ	1971	1970
evenues:	\$11,626,125	\$10,692,667
Operating	1,015,328	845,404
Interest	12,641,453	11,538,071
Total revenues	12,041,400	22,000,0
Operations	4,102,916	3,657,064
Operations Maintenance	793,860	685,79
Walltellance	, 55,500	
STATEMENTS OF REVENUE	S	
Total operating expenses, except depreciation		
deducted below	4,896,776	4,342,85
Revenues before interest and depreciation (Note E)	7,744,677	7,195,21
Deduct:		
Interest on bonds and notes	3,309,726	2,775,88
Amortization of debt discount and expense	85,034	72,23
Depreciation (Note A)	1,490,221	1,383,53
TO STATE OF THE PARTY OF THE PA	4,884,981	4,231,65
Revenues invested in facilities:		
For the year	2,859,696	2,963.56
At beginning of year	26,555,630	23,592,06
At end of year	\$29,415,326	\$26,555,63



ource of funds:—
From operations:

Revenues invested in facilities

Add non-cash charges to revenues

—depreciation and amortization

Total working capital provided

from operations

Year ended May 31, 1971 1970

\$ 2,859,696	\$ 2,963,564
1,571,735	1,452,329
4.431.431	4.415.893

STATEMENTS OF CHANGES IN FINANCIAL POSITION

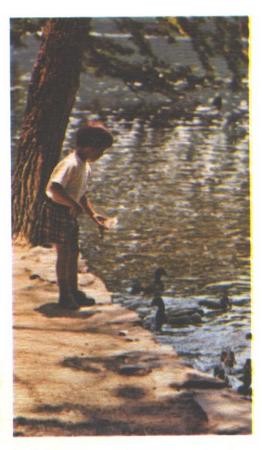
Net proceeds from sales of water
works revenue bonds
Advances and contributions for
construction, net of refunds
Decrease (increase) in working capital

construction, net of refunds
Decrease (increase) in working capita
Application of funds:
Additions to water plant, net
of retirements
Payment of bond anticipation notes
Current maturities of water works
revenue bonds
Increase (decrease) in funds held by
Fiscal Agent for new construction,
debt service reserve and bond
proceeds
Other

5,828,999	10,780,012
2,329,171	2,135,026
1,239,990 \$13,829,591	(68,096) \$17,262,835
\$ 9,935,450	9,528,002 7,500,000
1,154,000	1,003,000
2,675,052	(819,678)
65,089	51,511
\$13,829,591	\$17,262,835

BALANCE SHEETS

WATER PLANT, at cost, less accumulated depreciation (Note A) FUNDS HELD BY FISCAL AGENT (Notes B and C): New construction fund, cash Debt service reserve fund, principally U.S. Government securities at cost, which approximates market and cash of \$931,201 (\$1,062, 759 in 1970) Bond proceeds fund, principally U.S. Government securities at cost, which approximates market and cash of \$1,272,797 (\$934,425 in 1970) CURRENT ASSETS: Cash (Note C) U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 (\$2.888,989 in 1970) Additional funds held by Fiscal Agent: General fund Debt service fund Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments Total current assets DEFERRED CHARGES: Unamortized debt discount and expense Other 1971 117,392,854 108,947,625 1,011,980 972,069 1,011,980 972,069 1,011,980 1,01		May	31,
### STATE		1971	1970
FUNDS HELD BY FISCAL AGENT (Notes B and C): New construction fund, cash Debt service reserve fund, principally U.S. Government securities at cost, which approximates market and cash of \$931,201 (\$1,062, 759 in 1970) Bond proceeds fund, principally U.S. Government securities at cost, which approximates market and cash of \$1,272,797 (\$934,425 in 1970) CURRENT ASSETS: Cash (Note C) U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 (\$2,888,989 in 1970) Additional funds held by Fiscal Agent: General fund Debt service fund Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments Total current assets DEFERRED CHARGES: Unamortized debt discount and expense Other 1,011,980 972,069 1,710,918 1,556,342		4117.000.051	0100017.605
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New construction fund, cash			
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Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:		12,172,710	9,497,658
Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:			
Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:	(4(4) 5 11 (4)		
Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:			
Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:			
Cash (Note C) 1,225,566 2,284,231 U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 3,131,128 3,352,689 Additional funds held by Fiscal Agent:			
U.S. Government securities at cost, which approximates market, and bank certificates of deposit of \$2,700,000 (\$2,888,989 in 1970) 3,131,128 3,352,689 Additional funds held by Fiscal Agent: General fund 210,877 144,750 Debt service fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) 1,201,850 1,150,169 Accrued unbilled fire protection revenue 360,864 348,660 Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
approximates market, and bank certificates of deposit of \$2,700,000 (\$2,888,989 in 1970) 3,131,128 3,352,689 Additional funds held by Fiscal Agent: General fund 210,877 144,750 Debt service fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) 1,201,850 1,150,169 Accrued unbilled fire protection revenue 360,864 348,660 Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342		1,225,566	2,284,231
certificates of deposit of \$2,700,000 (\$2,888,989 in 1970) 3,131,128 3,352,689 Additional funds held by Fiscal Agent: 210,877 144,750 Debt service fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 1,201,850 1,150,169 Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
(\$2,888,989 in 1970) 3,131,128 3,352,689 Additional funds held by Fiscal Agent: 210,877 144,750 General fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 1,201,850 1,150,169 Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments 360,864 348,660 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
Additional funds held by Fiscal Agent: General fund Debt service fund Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments Total current assets DEFERRED CHARGES: Unamortized debt discount and expense Other Additional funds held by Fiscal Agent: 210,877 144,750 2,497,889 1,201,850 1,150,169 360,864 348,660 48,135 622,460 73,602 102,698 73,602 105,03,546 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342		2 121 120	2 252 690
General fund 210,877 144,750 Debt service fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 1,201,850 1,150,169 Accrued unbilled fire protection revenue Materials and supplies, at average cost Prepayments 360,864 348,660 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342		5,151,120	3,332,009
Debt service fund 2,818,072 2,497,889 Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) 1,201,850 1,150,169 Accrued unbilled fire protection revenue 360,864 348,660 Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342		210 877	144 750
Accounts receivable, less estimated doubtful accounts of \$38,220 (\$29,994 in 1970) 1,201,850 1,150,169 Accrued unbilled fire protection revenue 360,864 348,660 Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
doubtful accounts of \$38,220 (\$29,994 in 1970)		2,020,072	2,107,000
(\$29,994 in 1970) 1,201,850 1,150,169 Accrued unbilled fire protection revenue 360,864 348,660 Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
Materials and supplies, at average cost 648,135 622,460 Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense Other 1,670,168 1,530,246 0ther 40,750 26,096 1,710,918 1,556,342		1,201,850	1,150,169
Prepayments 73,602 102,698 Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense Other 1,670,168 1,530,246 040,750 26,096 1,710,918 1,556,342	Accrued unbilled fire protection revenue	360,864	348,660
Total current assets 9,670,094 10,503,546 DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342	Materials and supplies, at average cost		
DEFERRED CHARGES: Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342			
Unamortized debt discount and expense 1,670,168 1,530,246 Other 40,750 26,096 1,710,918 1,556,342	Total current assets	9,670,094	10,503,546
Other 40,750 26,096 1,710,918 1,556,342	DEFERRED CHARGES:		
1,710,918 1,556,342	Unamortized debt discount and expense	1,670,168	1,530,246
	Other		
<u>\$140,946,576</u> \$130,505,171		The state of the s	
		\$140,946,576	\$130,505,171



LIABILITIES

WATER WORKS REVENUE BONDS (Note B) CURRENT LIABILITIES:

Current maturities of water works
revenue bonds
Accounts payable
Accrued interest on bonds
Other accrued liabilities, principally
retirement contributions (Note D)
Customers' deposits
Total current liabilities

ADVANCES FOR CONSTRUCTION

CONTRIBUTIONS IN AID OF CONSTRUCTION

REVENUES INVESTED IN FACILITES

COMMITMENTS (Note F)

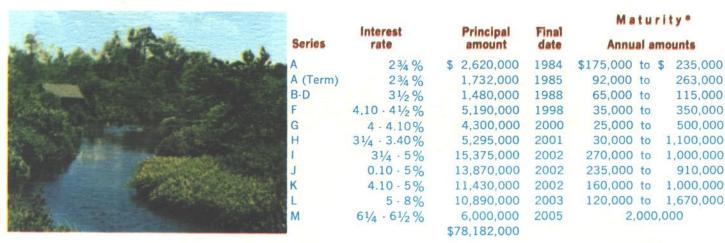
May 31,				
1971	1970			
\$ 78,182,000	\$ 73,336,000			
1,154,000	1,003,000			
1,118,665	1,303,908			
1,688,040	1,516,369			
999,903	854,544			
2,040,909	1,917,158			
7,001,517	6,594,979			
9,232,980	9,361,445			
17,114,753	14,657,117			
29,415,326	26,555,630			
\$140,946,576	\$130,505,171			

		Ma	y 31,
		1971	1970
NOTE A — WA	TER PLANT: Land and land rights Wells, reservoirs and	\$ 3,381,304	\$ 3,199,790
MOTES TO FINANCIAL	structures Pumping and purification	15,237,936	15,219,696
	equipment	3,511,064	3,505,768
(2) [/N] [S N S N] [(2)	Distribution system	97,285,382	90,678,148
	Construction in progress	7,520,589	4,534,693
DO DW OI DOSTI	Other	1,309,429	1,210,077
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Water plant, at cost	128,245,704	118,348,172
	Less - Accumulated depreciation	10,852,850	9,400,547
		\$117,392,854	\$108,947,625

The Authority provides depreciation on a straight-line basis at a composite annual rate of 1.4%.

NOTE B - BONDS OUTSTANDING:

The Authority's resolution authorizing the bond issues requires that all revenues be deposited in the name of the Fiscal Agent and allocated to specific funds. 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, exclusive of current maturities:



^{*} The bonds are serial bonds which usually mature in increasing annual instalments, except that \$1,732,000 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 through Series L represent the amounts maturing in fiscal 1972 and in the last year of their term, respectively, and the required sinking fund payments have been treated as maturities for the Term bonds. The Series M bonds mature \$2,000,000 annually from 2003 to 2005.

NOTE C - 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 D - PENSION PLAN

The Authority makes annual contributions to the New York State Employees' Retirement System to provide retirement benefits for its employees as determined by New York State. Total provision for pension costs amounted to \$668,000 (\$587,000 in 1970).

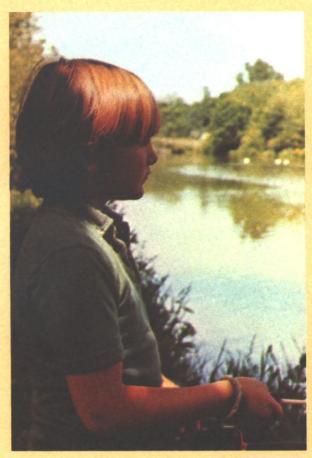
NOTE E — DEBT SERVICE REQUIREMENTS: Fiscal Amount year Debt service requirements (interest on bonds, principal of bonds maturing serially and sinking fund requirements) for the year ended May 31, 1971 were \$4,462,016. Revenues before interest 1972 \$4,579,003 and depreciation for the year ended May 31, 1971 equaled 1.74 times debt service requirements 1973 4,570,055 (1.90% in 1970). 1974 4.564.053 1975 4,564,568 Debt service requirements of the bonds for the next five years ending May 31 are as follows:

NOTE F — COMMITMENTS:

The Authority has authorized a capital improvement construction budget for the year ended May 31, 1972 of approximately \$12,800,000 (\$11,300,000 in 1971 budget). A majority of this amount has been committed at May 31, 1971.

1976

4,566,053



COMMUNITIES Amitwille

SERVED

AMITYVILLE: Amityville, Copiague, North Amityville / BABYLON: Babylon, Dear Park, Lindenhurst, North Babylon, West Babylon, Wyandanch / BAY SHORE: Bay Shore, Bright-

waters, Central Islip, East Islip, Great River, Islip, Islip Manor, Islip Terrace, North Brentwood, Oakdale, West Islip / AST HAMPTON: East Hampton/HUNTINGTON: Centerport, Cold Huntington, Huntington Bay, Huntington Station, Lloyd Harbor Spring Harbor, Halesite, / NORTHPORT: Asharoken, Commack, East Northport, Northport / PATCHOGUE: Bayport, Bellport, Blue Point, Bohemia, East Patchogue, Farmingville, Lake Ronkonkoma, Medford, North Patchogue, Patchogue, Sayville, West Sayville / KINGS PARK: Retail - Commack, Kings Park; Wholesale - Smithtown* / ORT JEFFERSON: Retail - Belle Terre, Centereach, East Setauket, Miller Place, Pipe Stave Hollow, Poquot, Port Jefferson, Port Jefferson Station, Selden, Setauket, Sound Beach, South Setauket, Stony Brook, Terryville; Wholesale - Stony Brook* / WESTHAMPTON BEACH: East Quogue, Quiogue, Quogue, Westhampton, Westhampton Beach / SOUTHAMPTON: Southampton / SAG HARBOR: North Haven, Sag Harbor / SMITHTOWN: Retail - Hauppauge, Head-ofthe-Harbor, Nesconset, Nissequogue, Smithtown, The Branch; Wholesale - St. James*