Suffolk County Water Authority ANNUAL 1977 REPORT

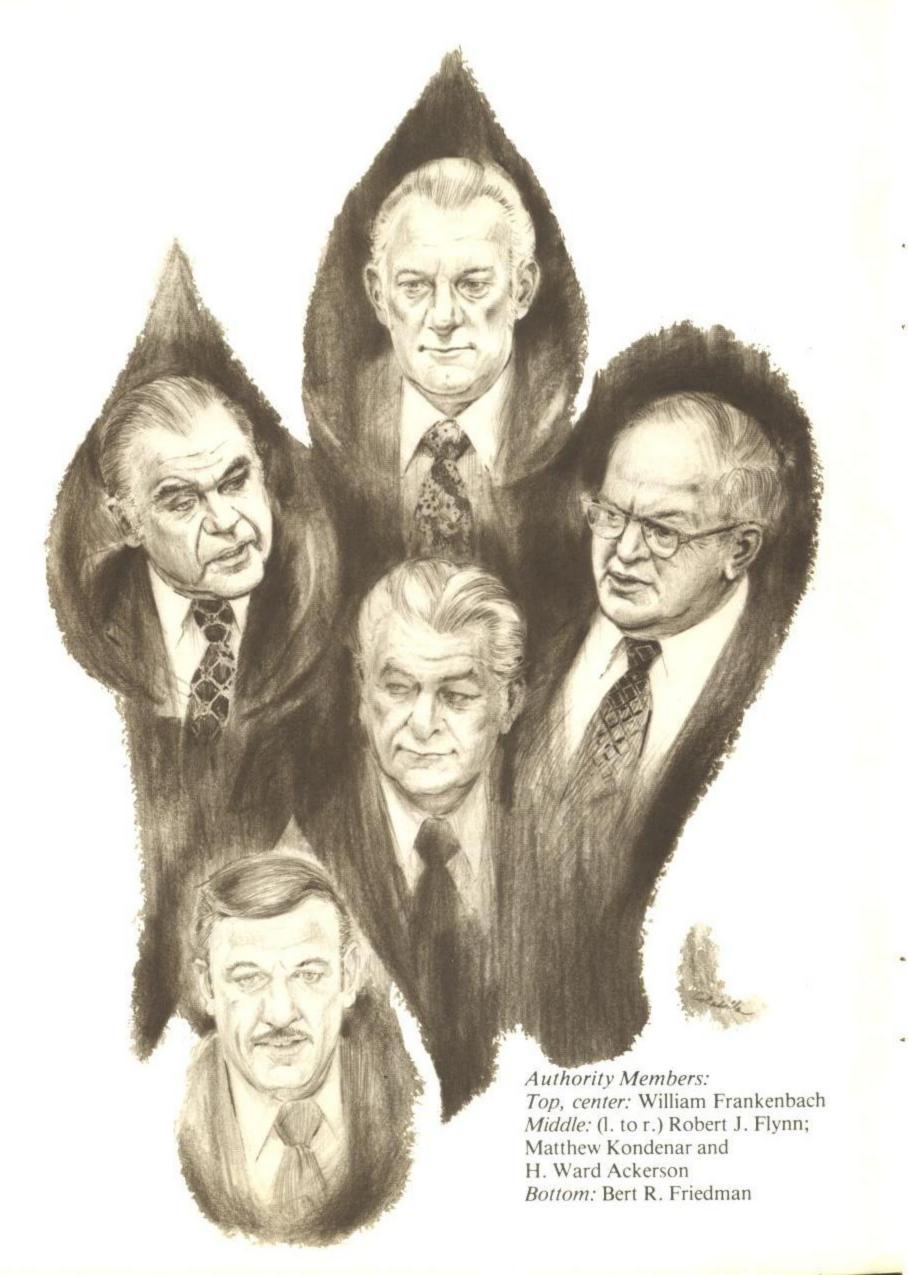
Authority Members

Robert J. Flynn, Chairman
Matthew B. Kondenar, Secretary
William A. Frankenbach, Treasurer and Assistant Secretary
H. Ward Ackerson
Bert R. Friedman

Louis W. Weinfurt, General Manager Walter C. Hazlitt, Executive Director John H. Scheetz, Executive Secretary William J. Schickler, Assistant General Manager and Chief Engineer Herbert C. Koehler, Assistant General Manager, Distribution Bernard T. Hanrahan, Assistant General Manager, Commercial Office Operations Eugene Sidoti, Controller Homer F. Gardner, Resident Engineering Consultant Van Nostrand & Martin, Counsel William V. Burnell and Associates, Consulting Engineer Stone & Webster Engineering Corporation, Advisory Engineer United States Trust Company of New York, Fiscal Agent Price Waterhouse & Co., Independent Accountants Bache Halsey Stuart Shields Incorporated, Financial Consultant Leggette, Brashears & Graham, Consulting Ground-Water Geologists

IN MEMORIAM

NATHAN F. FENN, former General Manager of the Authority and Resident Engineering Consultant of the Authority, died December 17, 1976. Mr. Fenn became general manager of the Authority when it was formed in 1951 and guided its development until 1963 when illness forced him to assume the duties of Engineering Consultant to the Authority. He was responsible for guiding the Authority through its early development and has been credited with providing the insight and financial knowledge that contributed greatly to the growth and success of the Authority over its 26-year history. His contributions to the Authority were memorialized by the Authority by resolution at its meeting of December 28, 1976, and spread upon the minutes of the meeting.



Chairman's Message

Authority revenues before operation and maintenance expense of \$11,296,000 reached an all-time high of \$23,735,000 representing a 1.63 times debt service coverage during fiscal 1977.

- Installation of new water main and individual services, however, lagged far behind the normal growth rate experienced by the Authority over the past 10 years of its operation. In 1977 only 5,069 new services were installed by Authority personnel while another 1,043 were acquired by the acquisition of the Parsnip Pond Waterworks Co., Inc., bringing the total number of new customers joining the Authority's system to 6,112 during the fiscal period. Correspondingly, there were only 62 miles of main added to the system in fiscal 1977, bringing the total to 3,316 miles of main.
- The drop in the Authority's growth is attributable to decline in the Suffolk County home-building industry and the fact that fewer new sub-divisions are being commenced by the larger Suffolk County developers. An early flurry of activity on the part of these developers experienced as fiscal 1977 got underway continued throughout the 12-month period, but fell off sharply as the new fiscal year got underway.
- Continued high revenues on the part of the Authority once again demonstrated clearly the Authority's ability to withstand fluctuations in the general economy due largely to the fact that its financial structure rests on a firm base of individual home services as opposed to reliance on a few commercial or industrial accounts.

Early indications are that Authority revenues will continue relatively high during fiscal 1978 due mainly to several extended dry periods and heat waves which have caused the Authority's 224,000 customers to use large quantities of water to sprinkle their lawns, fill backyard swimming pools, and for other personal uses.

- As the fiscal year came to a close, the results of the Stone & Webster Management Consultants, Inc. rate study undertaken to insure the continued financial stability of the Authority and maintenance of its Standard & Poor's AAA Rating and Moody's Investor Service Rating of A-1 were received and considered by the Members of the Authority. Responding to Stone & Webster's advice, a public hearing was scheduled to obtain public opinion on a proposed average rate increase of approximately 6.5 percent for most customers.
- The successful operation of the Authority over the fiscal period just completed is due in large measure to the dedication of its 420 employees, and I am pleased to offer my appreciation as well as the thanks of the entire Board to all who participated in making 1977 another banner year for the Suffolk County Water Authority.

For the Members

ROBERT J. FLYNN





Highlights

| ingingins | Year En | Year Ended May 31 | | | |
|--|---------------|-------------------|--|--|--|
| | 1977 | 1976 | | | |
| Revenues | \$ 23,735,000 | \$ 21,651,000 | | | |
| Operating and Maintenance Expense, except depreciation | 11,296,000 | 10,206,000 | | | |
| Interest on Bonds and Notes; including amortization of debt discount and expense | 6,114,000 | 5,558,000 | | | |
| Depreciation | 2,482,000 | 2,292,000 | | | |
| Revenues Invested in Facilities for the year | 3,843,000 | 3,595,000 | | | |
| Revenues Invested in Facilities (since June 1, 1951) | 48,906,000 | 45,063,000 | | | |
| Total Water Plant at Cost | 208,193,000 | 197,983,000 | | | |
| Net Additions to Water Plant | 10,210,000 | 13,359,000 | | | |
| Customers (Active Services) | 224,252 | 218,140 | | | |
| Miles of Mains in Service | 3,316 | 3,254 | | | |
| Fire Hydrants in Service | 21,311 | 21,014 | | | |
| Water Production (Million Gallons) | 33,874 | 31,290 | | | |

Review of the year's operations

NEW CONSTRUCTION

Fiscal 1977 saw the Authority continue its investment in new construction, bringing its total plant value at cost to \$208,193,000, up \$10,210,000 over the preceding fiscal period.

Added to the system during the fiscal year were 14 wells, six pumping stations, two one-million-gallon storage facilities and three stand-by diesel generators to provide electrical power during power outages or blackouts.

The 14 new wells represented an investment of \$2,988,000 and increased the Authority's pumping capacity by 27.5 million gallons per day. At the close of the fiscal period the Authority had a total of 391 wells in service.

Construction work was completed during the fiscal period just ended on a one-million-gallon torospherical, elevated tank (64 feet in diameter and 140 feet to high-water level) at Albany Avenue, North Amityville, at an approximate total cost of \$600,000. Also added to the system was a one-million-gallon waterspheroid, elevated tank (74 feet in diameter and 145 feet to high-water level) at Hurtin Boulevard, Smithtown. These two additions brought the total number of elevated storage facilities owned by the Authority to 58 with a total storage capacity of 51,906,000 gallons.

Three fully automated, diesel-engine-driven generator sets for standby electric power were installed at three separate stations during this fiscal year. These three units can generate a total of 850 kilowatts of electrical energy to operate the majority of well pump motors at their respective pump stations in the event of a power failure.

ACQUISITIONS

The Authority continued its acquisition program aimed at acquiring private water companies operating in Suffolk County in line with its long-range goal of establishing a single publicly owned water distribution system for all of Suffolk County by purchasing the Parsnip Pond Waterworks Company, Inc. during fiscal 1977.

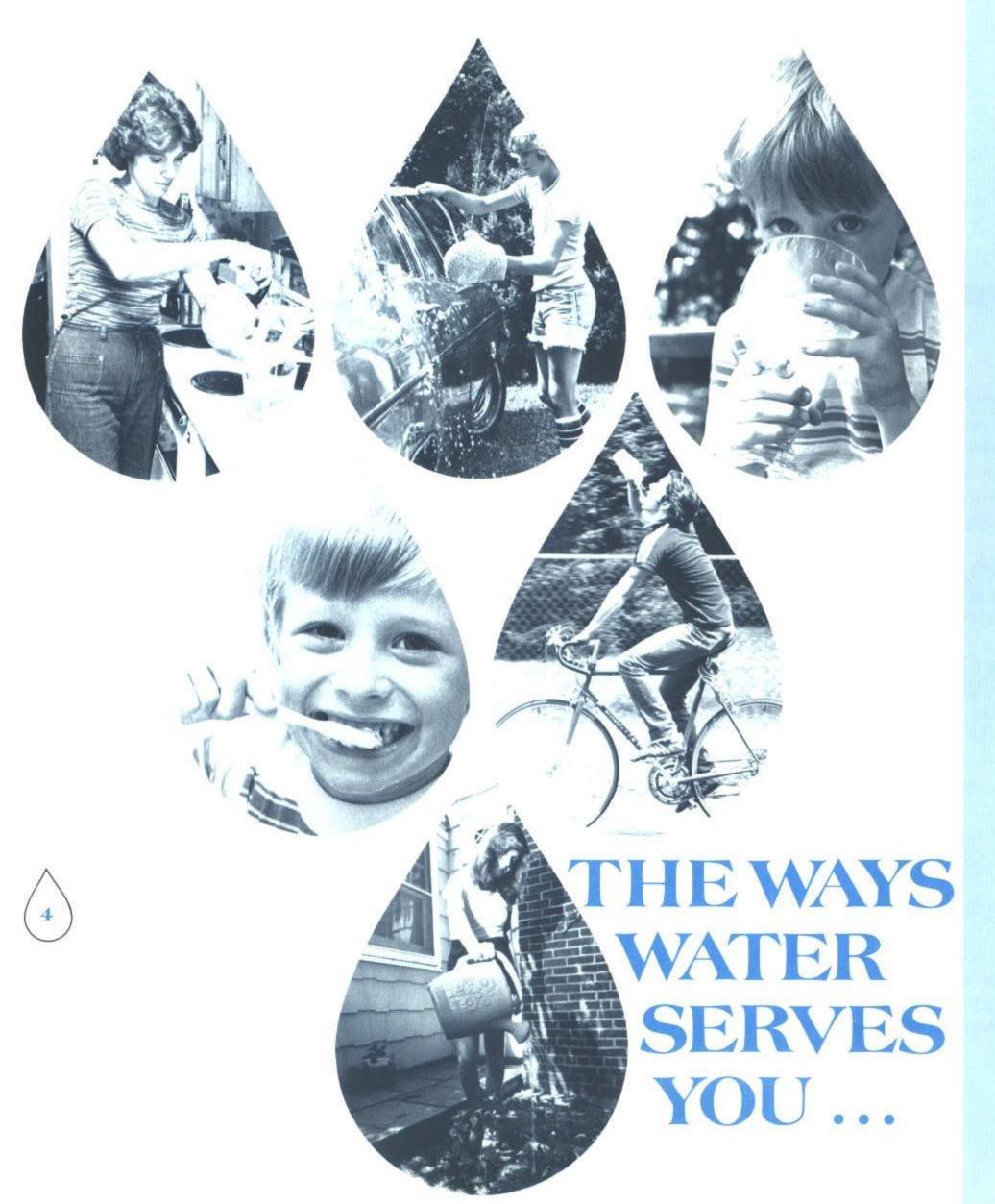
The Parsnip Pond Waterworks Company, Inc. served a total of 1,043 customers mainly in the community of Lake Grove. The water distribution system operated by Parsnip Pond was made up of three wells, two pumping stations, 14 miles of water mains, and 89 fire hydrants. The Authority expended a total of \$655,852 to purchase the assets of Parsnip Pond and interconnect its distribution system with that of the Authority.

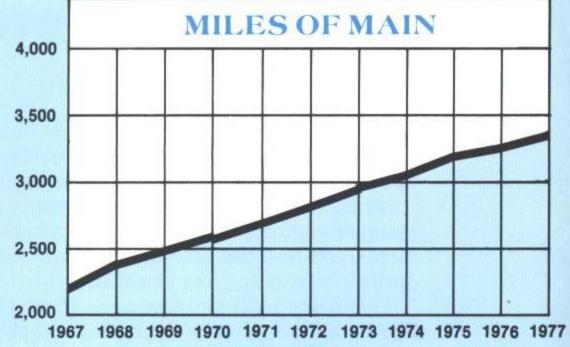
MANAGEMENT AND PERSONNEL

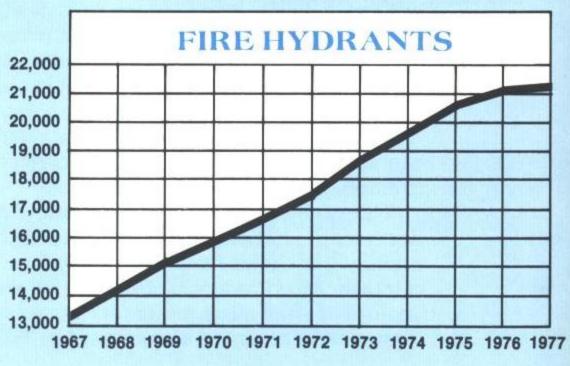
The Suffolk County Legislature appointed two new members to the Authority during fiscal 1977. Bert R. Friedman was appointed on September 28, 1976 to a five-year term that expires on March 29, 1981, and Robert J. Flynn was appointed Chairman on May 24, 1977 to a five-year term expiring May 24, 1982.

Mr. Flynn, a practicing attorney in Huntington, has wide experience in government, having served as Supervisor of the Town of Huntington, as Counsel to the South Huntington Water District, and is currently serving as President of the Geraldine Pederson-Krag Mental Health Clinic, is a Member of









the Nassau-Suffolk Regional Planning Board, and is Vice-President of the Huntington Council on the Arts.

Mr. Friedman brings to the Authority a wide experience in the business world gained as General Manager of Suffolk County Paper Company, Inc. and as a student of Business Management at College of City of New York. He also has a wide experience in government having served as Chairman of both the Zoning Board of Appeals and the Planning Board in the Village of Patchogue. He is presently serving as Chairman of the Brookhaven Town Democratic Committee.

On May 23, 1977 the Authority Members approved a resolution naming former Authority Chairman Walter C. Hazlitt to the new position of Executive Director. The Authority took the action to provide a smooth transition of managerial responsibility in recognition of the approaching retirement of Authority General Manager Louis W. Weinfurt. Mr. Hazlitt was granted a five-year contract due to expire on May 23, 1982.

Several changes also occurred in the operating staff brought about by the retirements of Harold E. Van Wart and Alson W. Weber. Mr. Van Wart, who retired on July 1, 1976, had served as Manager of our Bay Shore District office since 1965. Upon his retirement, he had completed 45 years of service in the water-supply industry. Mr. Weber, who had served as Manager of our Babylon District office since 1957, retired May 31, 1977. Upon his retirement he had completed 48 years of service in the water-supply industry.

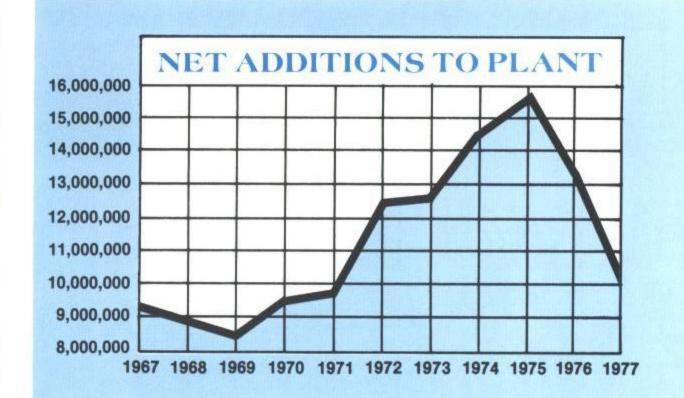
John A. Schucht, who served as Manager of the Port Jefferson District office since 1974, was transferred to the Bay Shore District office. Mr. Schucht was employed in 1958, and has held various supervisory and managerial positions with the Authority.

Named Acting Manager of the Port Jefferson District

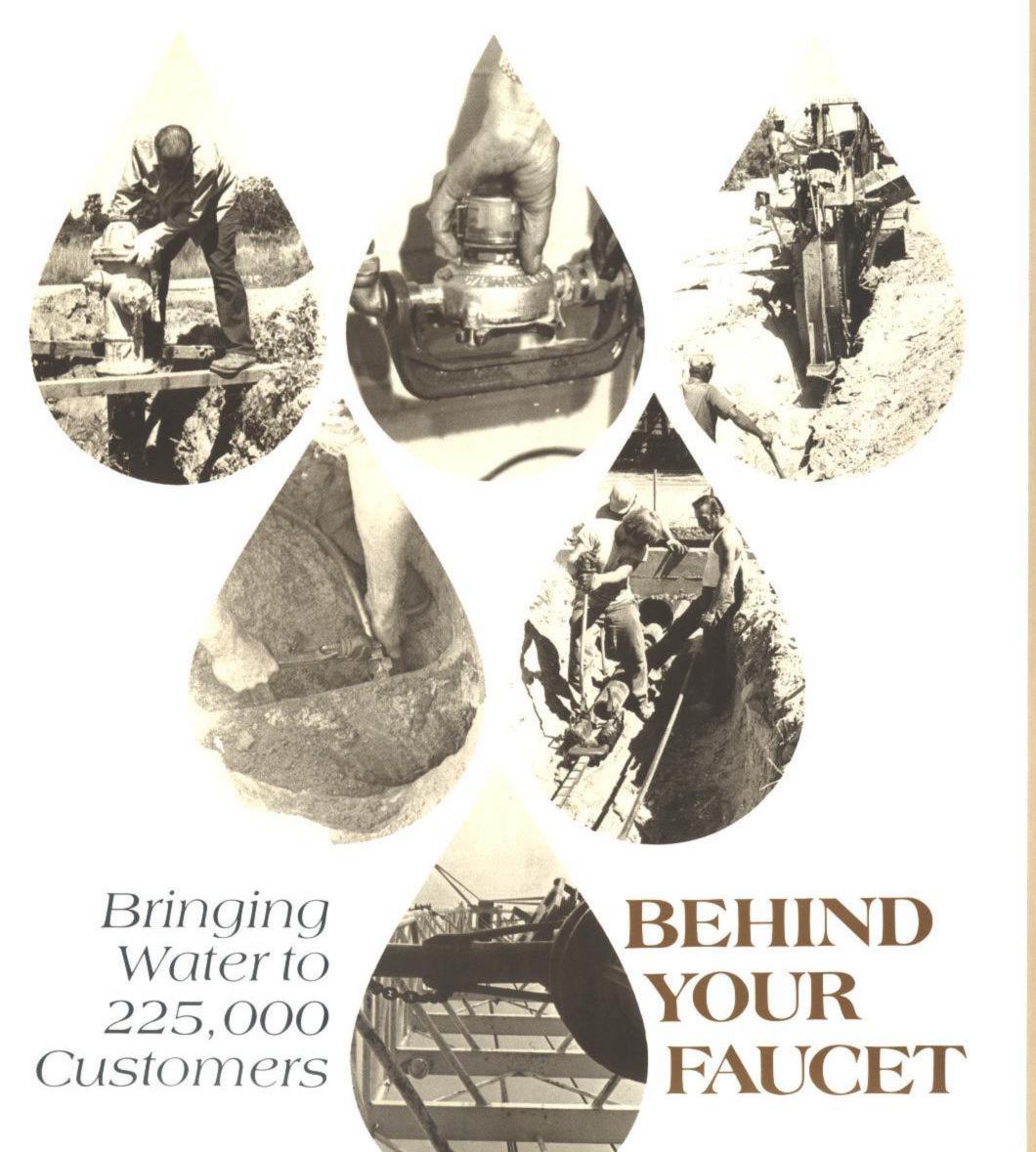
office was Frank Bialy, Jr., formerly Assistant Manager of the Babylon District office. Mr. Bialy obtained his BBA Degree from Hofstra University and was employed by the Authority in 1971.

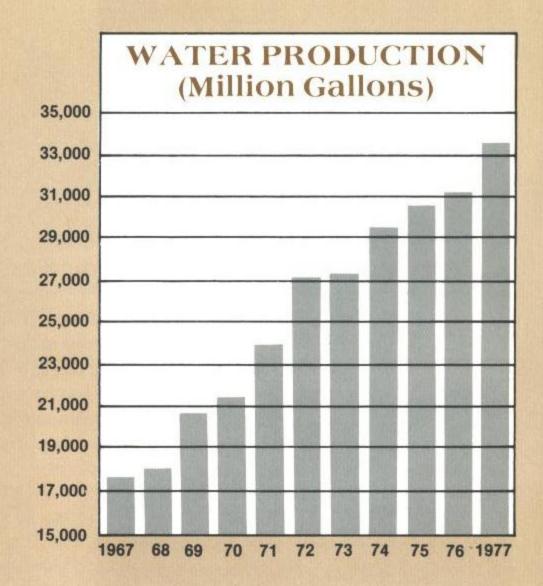
Named to the Manager's position in the Babylon District office was Robert G. Graven. Mr. Graven obtained his BBA and MBA Degrees from Hofstra University and was employed by the Authority in 1971. Mr. Graven served as Personnel Officer with the United States Army Armor School.

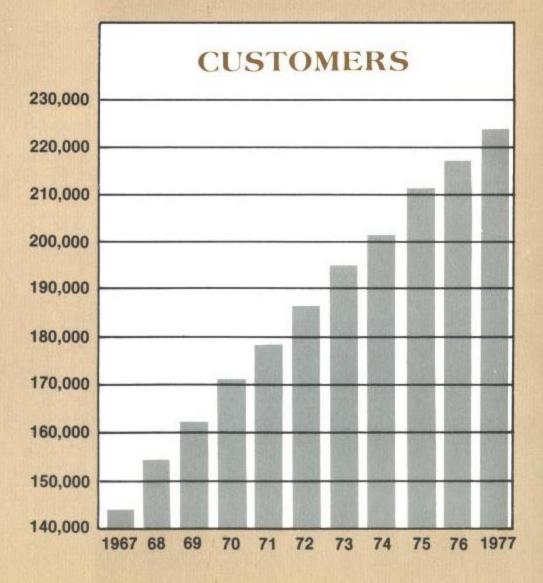
Accepted into the Authority's Management Training Program was Edward M. Przebowski. Mr. Przebowski has been an employee of the Authority since 1975, working in the Construction-Maintenance Department as an Assistant Engineer. He received his BS Degree (Cum Laude) from C. W. Post College and is now enrolled in evening classes working toward his MS Degree.











NEW COMPUTER REDUCES DATA PROCESSING COSTS

During fiscal 1977 the Water Authority placed a Burroughs Corporation B-1700 Fourth Generation Computer system on line. The new computer has made it possible for the Authority to keep abreast of the myriad computer complications necessary to service our growing family of customers, now more than 224,000 strong.

Installation of the new system enabled the Authority to reduce greatly its computer equipment expense, obtain a significant increase in data processing throughout and, at the same time, provide a higher level of service to our customers.

Industry sources claim the B-1700 is one of the most advanced commercial computer systems in the marketplace today. Because of the hard and software design of the B-1700, the Authority gains the advantages of sophisticated, high-priced computers at less cost than we were previously expending on a system designed to service only 150,000 accounts.

The 224,000 customer files which the Authority once stored

on magnetic tape were easily converted to more advanced diskpack storage. Disk storage permits faster access to customer files, thus speeding up processing of quarterly billing and other accounting procedures required. The new system also provides the capability of attaching terminals for random inquiry into the files for purpose of increased customer relations programs to be undertaken by the Authority.

Further, the system will enable us at some future time to provide a more responsive service to our customers and beyond that, a new level of service—that of direct terminal inquiry from our neighborhood offices located throughout Suffolk County.

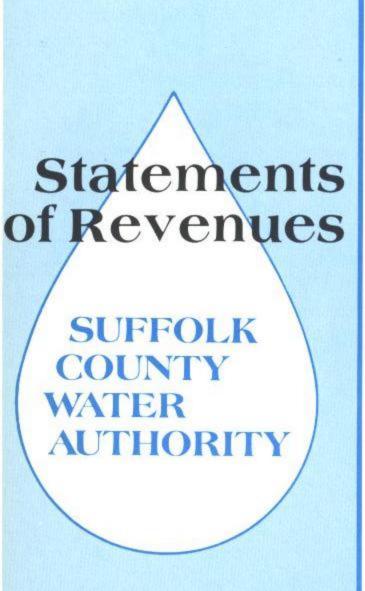
The direct terminal system, when installed, will make possible instant access to a customer's account. The customer will be able to call or walk into any of our offices and have a representative display all information concerning his account on a cathode ray tube (CRT) terminal linked to the B-1700 by telephone lines.

| PLANT FACILITIES | | | | | | | | | | | | |
|--|--|--|---|--|---|--|---------------------------------------|---|--|--|---|--|
| Service Areas or Plants | | Vells Service | | Pumping Plants Capacity—1000 No. Gals. Daily* Storage Facilities Capacity in No. 1000 Gallons | | city in | Active Services | | | | | |
| BABYLON BAY SHORE EAST HAMPTON** HUNTINGTON PATCHOGUE PORT JEFFERSON SMITHTOWN WESTHAMPTON Totals | 69 62 27 46 50 54 47 19 | 70 66 26 49 53 56 50 21 | 19 15 15 17 22 24 18 7 | 19 17 15 18 24 24 20 8 145 | 89,965 78,294 16,872 52,668 78,324 83,040 76,082 11,902 487,147 | 91,981 86,358 15,432 58,716 84,372 87,072 79,178 14,638 | 8 8 4 12 9 7 5 3 | 9 8 4 12 9 7 6 3 58 | 6,815 6,370 2,550 9,852 9,465 7,404 5,100 2,350 49,906 | 7,815 6,370 2,550 9,852 9,465 7,404 6,100 2,350 51,906 | 49,699 44,833 8,166 27,111 38,300 27,255 19,742 3,034 218,140 | 50,201 45,172 8,481 27,351 40,748 28,342 20,807 3,150 |

^{*}Based on 24-hour operation.



^{**}Includes facilities and services of former Sag Harbor and Southampton Districts.



| Year ended May 31, | | |
|--------------------|---|--|
| 1977 | 1976 | |
| | | |
| \$22,292,000 | \$20,284,000 | |
| 1,443,000 | 1,367,000 | |
| 23,735,000 | 21,651,000 | |
| | | |
| 9,280,000 | 8,391,000 | |
| 2,016,000 | 1,815,000 | |
| | | |
| 11,296,000 | 10,206,000 | |
| 12,439,000 | 11,445,000 | |
| | | |
| 5,993,000 | 5,452,000 | |
| 121,000 | 106,000 | |
| 2,482,000 | 2,292,000 | |
| 8,596,000 | 7,850,000 | |
| | | |
| 3,843,000 | 3,595,000 | |
| 45,063,000 | 41,468,000 | |
| \$48,906,000 | \$45,063,000 | |
| | \$22,292,000 1,443,000 23,735,000 9,280,000 2,016,000 11,296,000 12,439,000 121,000 2,482,000 8,596,000 3,843,000 45,063,000 | |



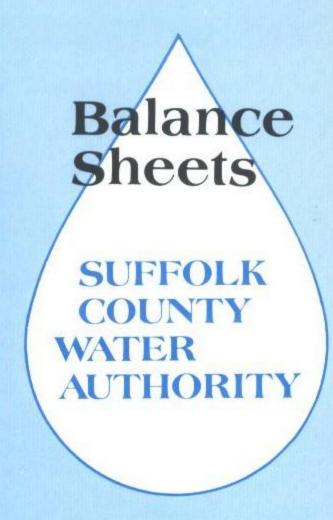
ONE HUNTINGTON QUADRANGLE HUNTINGTON STATION, NEW YORK 11746 516-293-1300/212-895-8573

July 22, 1977

To the Members of Suffolk County Water Authority

In our opinion, the accompanying balance sheets and the related statements of revenues and of changes in financial position present fairly the financial position of Suffolk County Water Authority at May 31, 1977 and 1976, and the results of its operations and the changes in its 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.

| | May 31, | |
|--|---|---|
| ASSETS | 1977 | 1976 |
| Water Plant, at cost, less accumulated depreciation (Notes A and B) | \$186,014,000 | \$178,300,000 |
| Funds held by Fiscal Agent (Note A): New construction fund, cash | 1,692,000 | 814,000 |
| years at cost (which approximates market) | 9,422,000 8,500,000 | 8,353,000 1,000,000 |
| | 19,614,000 | 10,167,000 |
| Cash (Note A) | 3,278,000 7,400,000 | 1,443,000 8,800,000 |
| General fund | 100,000 4,663,000 | 100,000 4,197,000 |
| (\$372,000 in 1976) | 1,905,000 577,000 1,258,000 302,000 | 2,078,000 561,000 1,278,000 236,000 |
| Total current assets | 19,483,000 | 18,693,000 |
| Deferred charges: Unamortized debt discount and expense (Note A) | 2,730,000 129,000 2,859,000 \$227,970,000 | 2,263,000 153,000 2,416,000 \$209,576,000 |
| CAPITALIZATION AND LIABILITIES | | - |
| Capitalization: Water works revenue bonds, less current portion (Note C) Contributions in aid of construction (Note A) Revenues invested in facilities | | \$109,285,000 31,833,000 45,063,000 186,181,000 |
| Current liabilities: | | (A) |
| Current maturities of water works revenue bonds | 1,624,000 1,512,000 3,122,000 3,551,000 3,150,000 | 1,518,000 1,278,000 2,764,000 3,596,000 2,943,000 |
| Total current liabilities | | 12,099,000 |
| Advances for construction (Note A) | | 11,296,000 |
| | \$227,970,000 | \$209,576,000 |





Statements Of Changes In Financial Position

SUFFOLK COUNTY WATER AUTHORITY

| | Year end | Year ended May 31, | | |
|---|---------------------|--------------------|--|--|
| Financial resources were provided by: | 1977 | 1976 | | |
| Operations: | | - | | |
| Revenues invested in facilities | \$ 3,843,000 | \$ 3,595,000 | | |
| Add non-cash charges to revenues—depreciation and amortization | 2,600,000 | 2,394,000 | | |
| Working capital provided from operations | 6,443,000 | 5,989,000 | | |
| Net proceeds from sale of water works revenue bonds | 11,914,000 | 14,706,000 | | |
| of \$545,000 in 1977 and \$395,000 in 1976 | 2,816,000 23,000 | 2,776,000 | | |
| Other | 21,196,000 | 23,471,000 | | |
| | 21,196,000 | 23,471,000 | | |
| Financial resources were used for: | | | | |
| Additions to water plant, net of retirements | 10,195,000 | 13,569,000 | | |
| Redemption of Series P Bond Anticipation Notes Increase in funds held by Fiscal Agent for new | | 6,000,000 | | |
| construction, debt service reserve and from bond proceeds | 9,447,000 | 1,263,000 | | |
| Current maturities and redemptions of water works revenue bonds. | 1,624,000 | 1,518,000 | | |
| Other | | 12,000 | | |
| | 21,266,000 | 22,362,000 | | |
| (Decrease) increase in working capital | (\$ 70,000) | \$ 1,109,000 | | |
| Increase (Decrease) in Elements of Working Capital: | | | | |
| Cash | \$ 1,835,000 | \$ 377,000 | | |
| Bank certificates of deposit | (1,400,000) | 2,400,000 | | |
| Funds held by Fiscal Agent | 466,000 | 574,000 | | |
| Accounts receivable | (173,000) | 681,000 | | |
| Unbilled fire protection revenue | 16,000 | 20,000 | | |
| Materials and supplies | (20,000) | (199,000) | | |
| Prepayments | 66,000 | 84,000 | | |
| Current maturities of water works revenue bonds | (106,000) | (73,000) | | |
| Accounts payable | (234,000) | (227,000) | | |
| Accrued interest on bonds | (358,000) | (505,000) | | |
| Other accrued liabilities | 45,000 | (1,760,000) | | |
| Customer deposits | (207,000) | (263,000) | | |
| | (\$ 70,000) | \$1,109,000 | | |
| | - | | | |

Notes To Financial Statements

NOTE A-Summary of Significant Accounting Policies:

The accounts of the Authority are maintained generally in accordance with the Uniform System of Accounts prescribed by the New York State Public Service Commission although the Authority is not subject to their rules and regulations.

Water Plant

The Authority carries its water plant at original cost, including the costs of purchased and contributed property. The capitalized cost of additions to water plant includes charges for indirect costs such as engineering, supervision, payroll taxes and pension benefits. The original cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with dismantling costs less any salvage is charged to accumulated depreciation. The Authority does not capitalize interest on funds borrowed for construction or credit water plant for contributions in aid of construction. The costs of repairs, minor betterments and renewals are charged to maintenance expense as incurred.

Depreciation

Depreciation of water plant is provided on a straight-line basis using a composite annual rate of 1.4% which is based on the average service lives and net salvage value of properties.

Funds Held by Fiscal Agent

The Authority's resolution authorizing the bond issues requires that all revenue be deposited in the name of the Fiscal Agent and allocated to specific funds.

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.

The Debt Service Reserve and Bond Proceeds Funds held by the Fiscal Agent at May 31, 1977, aggregating \$17,922,000 consist principally of certificates of deposit and U.S. Government Securities having interest rates of 4.8% to 7.75%. The certificates of deposit mature at various dates through November 28, 1977 and the U.S. Government Treasury Note matures on August 15, 1977. \$7,400,000 of operating funds held by the Authority were invested in certificates of deposit at May 31, 1977. In-

terest rates ranged from 4.7% to 5.875% and maturities are at various dates through November 28, 1977. The Authority generally maintains such short-term investments through maturity.

Revenue

Revenues are recorded when billed. Billings are rendered on a quarterly cycle basis. The Authority does not accrue revenue for water sold beyond the cycle billing date.

Income Taxes

As a public benefit corporation, the Authority is exempt from Federal and state income taxes.

Capitalization

Premiums or discounts and expenses related to the issuance of long-term debt are amortized over the lives of the issues.

Retirement Contributions

The Authority makes annual contributions to the New York State Employee's Retirement System to provide retirement benefits for its employees as determined by New York State. Total provision for pension costs amounted to \$1,513,000 (\$1,594,000 in 1976).

Advances for Construction and Contributions in Aid of Construction

Under existing standard construction loan contracts with residential real estate developers and others, the developer advances to the Authority the cost of new main installations. For such contracts entered into prior to May 31, 1976, the Authority refunds such advances, without interest, based upon the number of new customers obtained or as a percentage of the additional revenue received, in annual instalments over a period not exceeding five years. After expiration of the contract, the remaining balance of the advance is transferred to Contributions in Aid of Construction (\$1,770,000—1977; \$1,937,000—1976). The policy of refunding these advances has been discontinued for contracts entered into after May 31, 1976.

Contributions in Aid of Construction also include the original cost of systems contributed to the Authority by municipalities and others as well as service tapping and other fees.



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NOTE B-Water Plant:

| | May 31, | | | | |
|--|---------------|---------------|--|--|--|
| | 1977 | 1976 | | | |
| Land and land rights Wells, reservoirs and | \$ 5,399,000 | \$ 5,066,000 | | | |
| structures Pumping and purification | 32,772,000 | 30,836,000 | | | |
| equipment | 8,467,000 | 7,499,000 | | | |
| Distribution systems | 151,438,000 | 144,542,000 | | | |
| Other | 2,197,000 | 2,025,000 | | | |
| Water plant, in service | 200,273,000 | 189,968,000 | | | |
| Construction in progress | 7,920,000 | 8,015,000 | | | |
| Water plant, at cost Less—Accumulated | 208,193,000 | 197,983,000 | | | |
| depreciation | 22,179,000 | 19,683,000 | | | |
| | \$186,014,000 | \$178,300,000 | | | |
| | | | | | |

NOTE C—Bonds Outstanding:

The bonds outstanding at May 31, 1977 and 1976 follow:

May 31

Final

| | 24040000000 | Finai | - | мау | 1, | | | |
|--------------------------------|------------------|------------------|------------|------------|------------|------------|--|--|
| Series | Interest rate | Maturity Date | | 1977 | | 1976 | | |
| A | 2.75% | 1984 | \$ | 1,710,000 | \$ | 1,900,000 | | |
| A (Term) | 2.75% | 1985 | | 1,179,000 | | 1,288,000 | | |
| B-D | 31/2 % | 1988 | | 1,130,000 | | 1,205,000 | | |
| F | 4.10-41/2 % | 1998 | | 5,005,000 | | 5,045,000 | | |
| G | 4-4.10% | 2000 | | 4,150,000 | | 4,185,000 | | |
| Н | 31/4-3.40% | 2001 | | 5,130,000 | | 5,165,000 | | |
| I | 31/4-31/2 % | 2002 | | 13,930,000 | | 14,240,000 | | |
| J | 0.10-4% | 2002 | | 12,540,000 | | 12,835,000 | | |
| K | 4.10-5% | 2002 | | 10,530,000 | | 10,730,000 | | |
| L | 5-8% | 2003 | | 10,260,000 | | 10,400,000 | | |
| М | 61/4-61/2% | 2005 | | 6,000,000 | | 6,000,000 | | |
| N | 5-61/2 % | 2006 | | 9,850,000 | | 9,890,000 | | |
| 0 | 51/2-7% | 2007 | | 12,870,000 | | 12,920,000 | | |
| Р | 7-7.9% | 2010 | | 15,000,000 | | 15,000,000 | | |
| Q | 53/4-71/4% | 2008 | | 12,500,000 | | | | |
| Total Bonds Outstanding | | 1 | 21,784,000 | 1 | 10,803,000 | | | |
| Less | Current Ma | aturities | | 1,624,000 | 0 | 1,518,000 | | |
| | | | \$1 | 20,160,000 | \$1 | 09,285,000 | | |
| | | | | | | | | |

The debt consists principally of serial bonds which usually mature in increasing annual instalments, except that \$1,179,000 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 required sinking fund payments have been treated as maturities for the term bonds. The annual maturities, exclusive of current maturities shown for serial bonds through Series L and Series N through Q represent the amounts maturing in fiscal 1978 and in the last year of their term, respectively. The Series M bonds mature \$2,000,000 annually from 2003 to 2005. After certain dates, the bonds are redeemable in the inverse order of their maturity at varying prices in excess of principal amounts depending upon their redemption date.

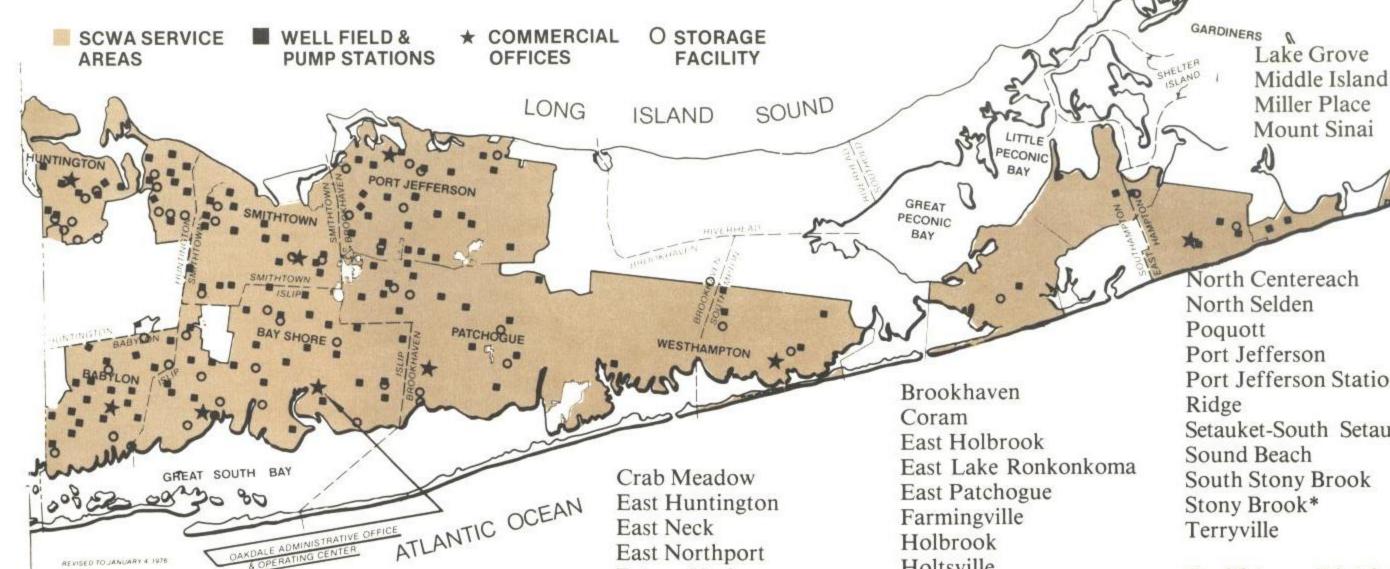
NOTE D—Debt Service Requirements:

Debt service requirements (interest on bonds and notes, principal of bonds maturing serially and sinking fund requirements) for the year ended May 31, 1977 were \$7,620,000. Revenues before interest and depreciation for the year ended May 31, 1977 equaled 1.63 times debt service requirements (1.64 in 1976).

Debt service requirements of the bonds outstanding at May 31, 1977 approximate \$7,950,000 in each of the next five years.

NOTE E - Commitments:

The Authority has authorized a capital improvement construction budget for the fiscal year ended May 31, 1978 of approximately \$13,600,000 (\$15,000,000 in 1977). A substantial portion of this amount has been committed at May 31, 1977.



Communities Served

Babylon District

Amityville Amity Harbor Babylon Copiague Deer Park Lindenhurst North Amityville North Babylon North Lindenhurst Pinelawn West Babylon Wyandanch

Bay Shore District

Bay Shore Brentwood Brightwaters Central Islip East Islip Edgewood Great River Islip Islip Terrace North Bay Shore North Great River North Islip Oakdale West Bay Shore West Islip

Huntington District

Asharoken Centerport Cold Spring Harbor Commack

East Northport Eatons Neck Fort Salonga Halesite Huntington **Huntington Bay Huntington Station** Lloyd Harbor Northport

East Hampton District

Amagansett East Hampton Freetown Montauk Sag Harbor Southampton

Patchogue District

Bayport Bellport Blue Point Bohemia

Holtsville Lakeland Lake Ronkonkoma

North Bellport North Patchogue Patchogue Ronkonkoma Sayville Selden South Centereach South Holbrook

South Medford South Yaphank West Bellport West Ronkonkoma West Sayville Yaphank

Port Jefferson District

Belle Terre Centereach Coram East Setauket

Port Jefferson Port Jefferson Station Setauket-South Setauket Sound Beach South Stony Brook Stony Brook*

Smithtown District

East Commack Flowerfield* Hauppauge Kings Park Nesconset Saint James* San Remo* Smithtown South Hauppauge West St. James West Smithtown* Village of The Branch

Westhampton District

Center Moriches East Quogue Moriches Quiogue Quogue Westhampton Westhampton Beach

^{*}Included in Wholesale Water Districts



Suffolk County Water Authority OAKDALE, LONG ISLAND, NEW YORK