# SUFFOLK COUNTY WATER AUTHORITY

# 1982 ANNUAL REPORT

# AUTHORITY MEMBERS

Robert J. Flynn top left
Matthew B. Kondenar top right
William A. Frankenbach middle left
Bert R. Friedman middle right
Miriam T. Anzel bottom

Robert J. Flynn
*Chairman*
Matthew B. Kondenar
*Secretary*
William A. Frankenbach
*Treasurer and Assistant Secretary*
Bert R. Friedman
Miriam T. Anzel

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

# CHAIRMAN'S MESSAGE

During fiscal 1982, the Authority turned its attention to developing new priorities designed to meet the challenges of the 1980's. These priorities were aimed at extending water service to existing residential and commercial areas, encouraging the cooperation of local municipalities to assist in extending water service to economically depressed areas, protection of our water sources from contamination, increasing employee productivity, and efficient utilization of existing Authority resources.

These priorities represent a new course for the Authority, which since its inception on June 1, 1951, had experienced phenomenal growth while keeping pace with Suffolk's booming population. As this growth tapered off, the Authority concentrated on consolidating its financial structure and developing and protecting its distribution system in order to accommodate changes in the growth pattern established over its 31-year history.

Once again we posted gains in revenues which stood at $34,673,000 at year's end. Revenues available for debt service stood at $13,346,000 or 1.61 times debt service for the fiscal period. Total plant value also increased to a new high of $262,755,000, while the total number of customers served increased to 243,177 as of May 31, 1982.

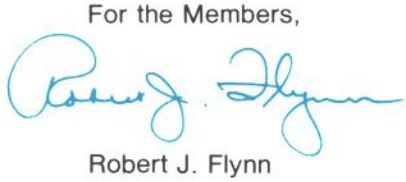
Growth was also registered in all other areas of Authority operations. Miles of main increased to a total of 3,554, up 66 miles over 1981. The number of hydrants in service rose by 362 for a new total of 22,894, while several new wells were bringing the Authority's total of active wells in service to 370.

The Authority completed the purchase of two private water companies during fiscal 1982 at a total purchase price of $550,000 as part of its continuing acquisition program. Purchased were the Great Beach Water Corp. and the Bevon Water Corp., bringing the total number of private and public water companies acquired by the Authority since 1951 to 31.

Cooperation by the Authority in scientific studies designed to safeguard Suffolk's underground water resources were expanded during the fiscal period just completed. Expenditures by the Authority in support of these studies increased to $177,700 as compared to 1981 expenditures of $164,950. These on-going studies are being conducted by the New York State Department of Environmental Conservation, the U.S. Geological Survey, the Nassau-Suffolk Regional Planning Board, and the County of Suffolk Department of Health Services.

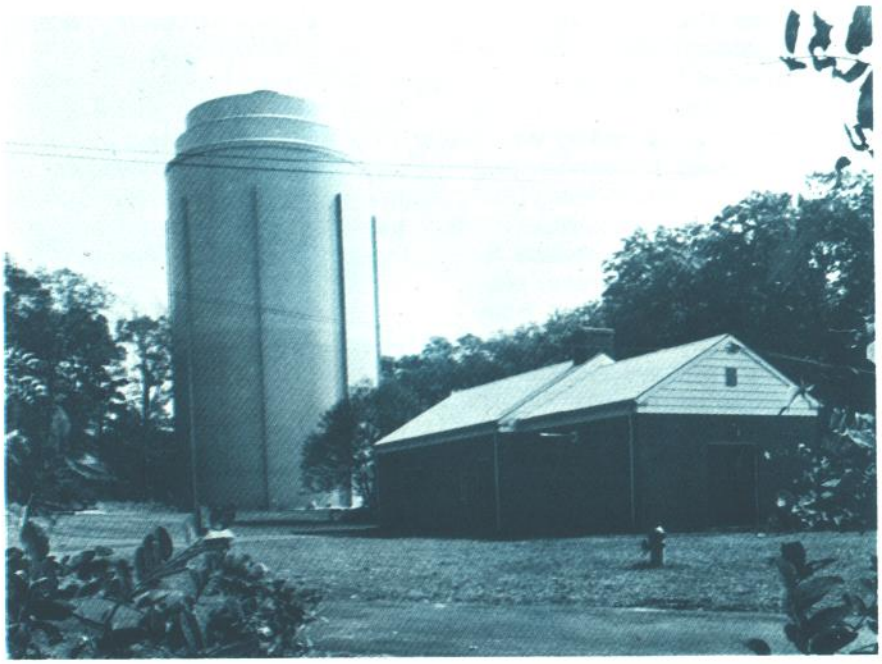
The Authority's 419 employees once again played an important role in the successful operation of the Authority during fiscal 1982, and I would like to express the appreciation of the Members for their continued support and effort in helping to fulfill the goals of the Authority.

For the Members,



Robert J. Flynn
Chairman

# HIGHLIGHTS



| | May 31, 1982 | 1981 |
|---|---|---|
| Total Revenues | **$ 34,673,000** | $ 34,132,000 |
| Operating and Maintenance Expense, except depreciation | **21,327,000** | 18,483,000 |
| Interest on Bonds and Notes; including amortization of debt discount and expense | **6,074,000** | 5,977,000 |
| Depreciation | **4,729,000** | 3,074,000 |
| Revenues Invested in Facilities for the year | **2,543,000** | 6,598,000 |
| Revenues Invested in Facilities (since June 1, 1951) | **67,810,000** | 65,267,000 |
| Total Water Plant at Cost | **262,755,000** | 248,581,000 |
| Net Additions to Water Plant | **14,174,000** | 12,506,000 |
| Customers (Active Services) | **243,177** | 238,958 |
| Miles of Main in Service | **3,554** | 3,488 |
| Fire Hydrants in Service | **22,894** | 22,532 |
| Water Production (Million Gallons) | **38,379** | 38,756 |

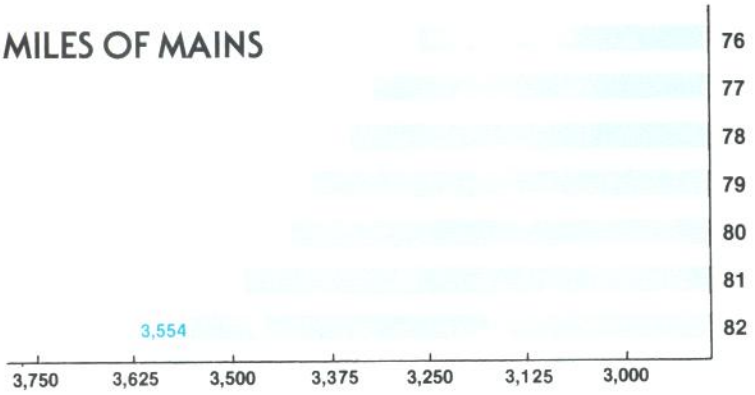
# REVIEW OF THIS YEAR'S OPERATIONS

## FINANCING

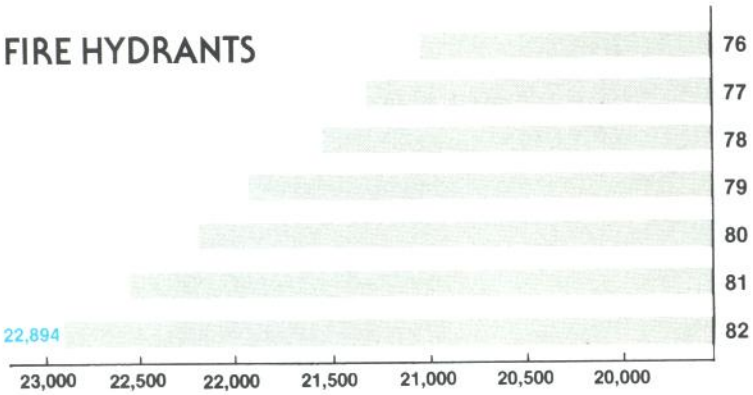
A $12,000,000 financing program was undertaken, under which plans were formulated to provide sufficient funds for new construction and expansion during the balance of the fiscal year, as well as for the 1982-83 budgeted construction program. Resolutions were adopted on November 23, 1981, authorizing the issuance of $12,000,000 Series T Bonds and Notes in anticipation thereof. On April 15, 1982, $8,000,000 of Series T Bond Anticipation Notes, due April 15, 1983, were sold at an average annual interest rate of 9.36%.

# DATA COLLECTION

## MILES OF MAINS

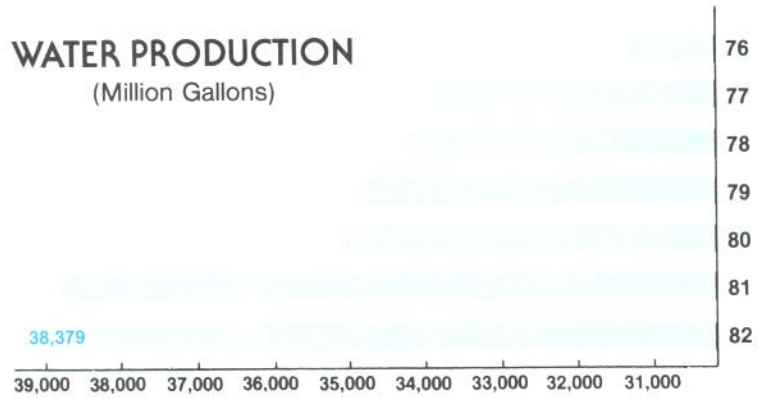


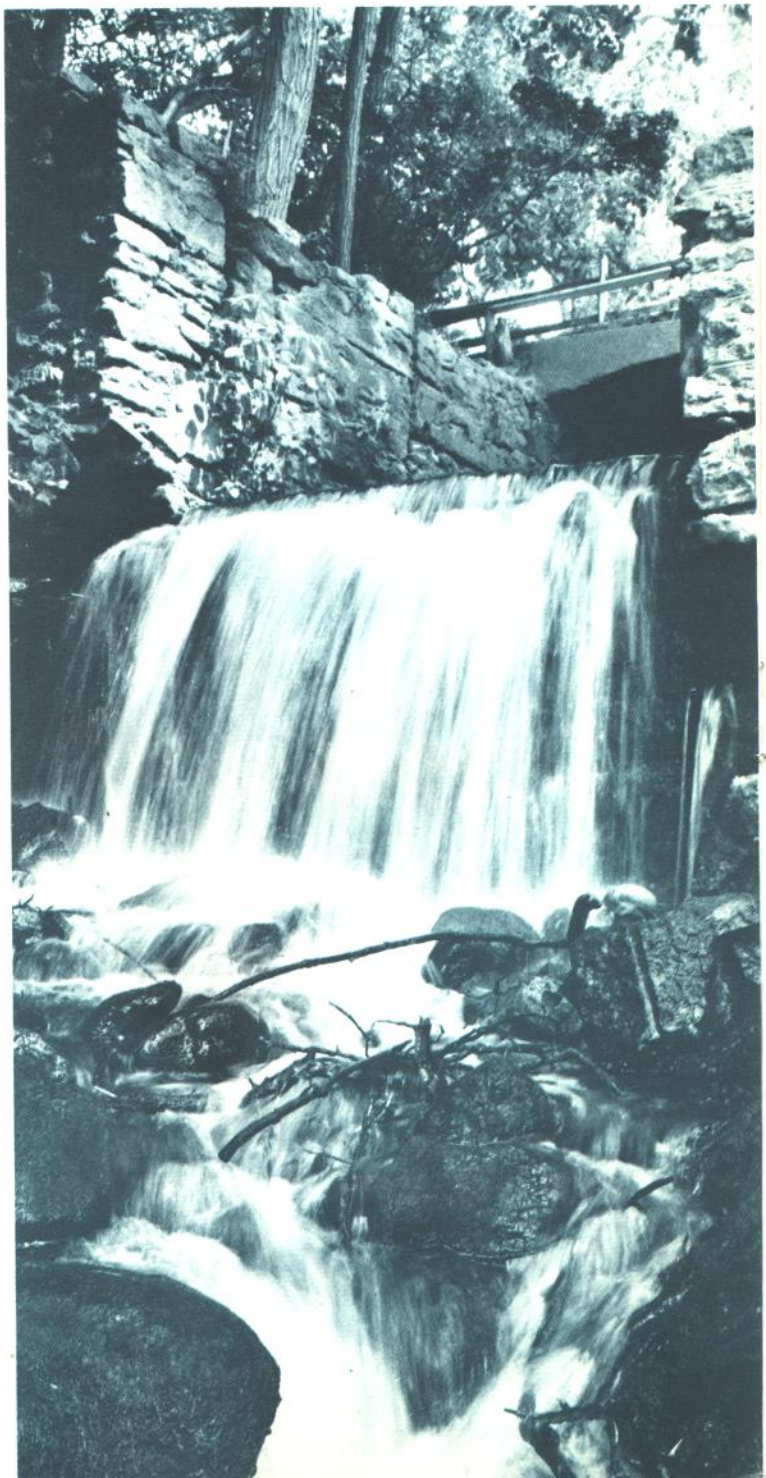

## FIRE HYDRANTS




## WATER PRODUCTION

(Million Gallons)



# "MONTAUK STUDY"

Collection and understanding of data on Suffolk's fresh water resources have always been major concerns of the Suffolk County Water Authority, which has spent millions of dollars since 1951 on studies designed to help safeguard Long Island's underground water reservoir. This on-going interest moved eastward during fiscal 1982 as emphasis was placed on a cooperative study in progress on the Ground Water Resources of the Montauk Area.

This is a three-year study being undertaken in cooperation with the U.S. Geological Survey and the Suffolk County Department of Health Services. To date, $240,000 has been expended on the study which is attempting to define the size and configuration of the fresh water table in the Montauk vicinity. After the size is established, the study will then attempt to determine the response the water table demonstrates to fluctuations in precipitation and to seasonally variable pumping of production wells. Also being considered is the probable response of the water table to possible further development.

The study ended its second year during the Authority's 1982 fiscal period just ended. At this time all field work has been completed and the U.S. Geological Survey is now involved in constructing a three-dimensional digital flow model of the study area utilizing the hydrologic data obtained from the nine interface and 28 water table wells included in the study. The nine interface wells have been used to monitor the interface points (the depth where fresh water becomes salt), placing it at approximately 150 feet at the center and highest elevation point of a cross section of the South Fork in the Montauk area. The water table wells have provided information on the subtle variations in the depth and size of the water table caused by seasonal pumping and the amount of precipitation in the area. Utilization of this data will permit the accurate construction of a model of the water table in the Montauk area which can be used in laboratory studies to determine the effect various levels of withdrawal and pumping stress points will produce on the available water resources in the Montauk area. At the conclusion of the study, the U.S. Geological Survey also anticipates being able to make recommendations to the Authority and others on the most suitable well design, placement, and withdrawal amounts of water to provide for proper management of the water resources in the Montauk area.

## PLANT FACILITIES

| Service Areas or Plants | Wells | | | | Pumping Plants | | | | Storage Facilities | | | | Active Services | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Active | | Inactive | | No. | | Capacity-1000 Gals. Daily* | | No. | | Capacity in 1000 Gallons | | | |
| | AS OF MAY 31, 1981 □ | AS OF MAY 31, 1982 □ | | | | | | | | | | | | |
| BABYLON | 47 | **48** | 8 | **8** | 19 | **19** | 80,230 | **82,102** | 9 | **9** | 7,815 | **7,815** | 52,426 | **52,932** |
| BAY SHORE | 50 | **50** | 6 | **7** | 19 | **20** | 82,699 | **82,555** | 8 | **7** | 6,370 | **6,012** | 46,055 | **46,378** |
| EAST HAMPTON | 26 | **28** | 5 | **-** | 16 | **15** | 17,748 | **19,188** | 4 | **4** | 3,720 | **3,720** | 9,388 | **9,742** |
| HUNTINGTON | 51 | **50** | 3 | **3** | 20 | **20** | 62,978 | **59,990** | 11 | **11** | 11,842 | **11,842** | 27,997 | **28,102** |
| PATCHOGUE | 61 | **64** | 3 | **4** | 24 | **24** | 100,728 | **106,056** | 10 | **10** | 10,465 | **10,465** | 45,827 | **47,329** |
| PORT JEFFERSON | 60 | **60** | 1 | **1** | 26 | **26** | 96,422 | **96,422** | 7 | **7** | 7,404 | **7,404** | 31,299 | **32,324** |
| SMITHTOWN | 45 | **47** | 8 | **3** | 20 | **20** | 78,466 | **82,066** | 6 | **6** | 6,100 | **6,100** | 22,134 | **22,388** |
| WESTHAMPTON | 23 | **23** | – | **-** | 7 | **7** | 16,524 | **16,524** | 3 | **3** | 2,350 | **2,350** | 3,832 | **3,982** |
| TOTALS | 363 | **370** | 34 | **26** | 151 | **151** | 535,795 | **544,903** | 58 | **57** | 56,066 | **55,708** | 238,958 | **243,177** |

*Based on 24-hour operation and on actual capacity of pumping equipment for active wells.

# PROTECTING THE RESOURCE

During the fiscal 1982 the Authority embarked on an extensive Air Stripping Research Program to develop the most economical means of removing certain organic contaminants from 18 affected Authority wells. These wells represent approximately $12 million in construction development costs and have been removed from service in recent years because of the discovery of these contaminants by the Authority's own in-house testing program.

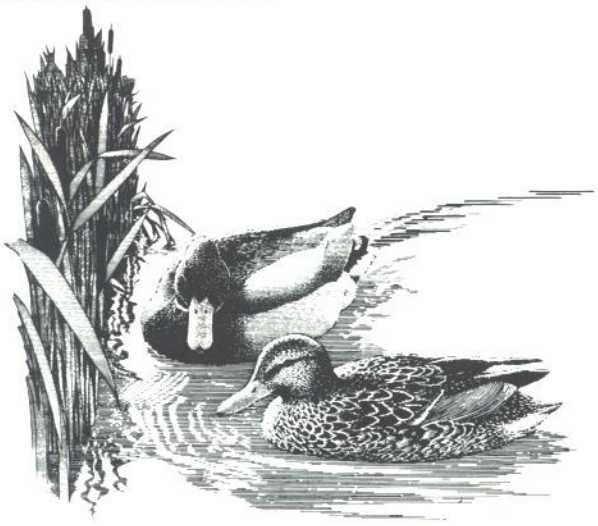
The Authority faced a two-fold dilemma. First, to replace the wells would cost additional millions. And second, there was no guarantee that the replacement wells would not contain the same organic compounds found in the original 18 wells.

In analyzing the problem, the Authority's staff carried out an intensive investigation to determine the feasibility of adapting an existing treatment procedure to remove the contaminants from the water at a cost that could be absorbed by the Authority without a resultant increase in water rates. To handle the problem, it was decided to retain Metcalf & Eddy to design and operate a Pilot Air Stripping Plant. The backup data obtained helped provide the needed engineering information to construct permanent Air Stripping Plants at the 18 well sites.

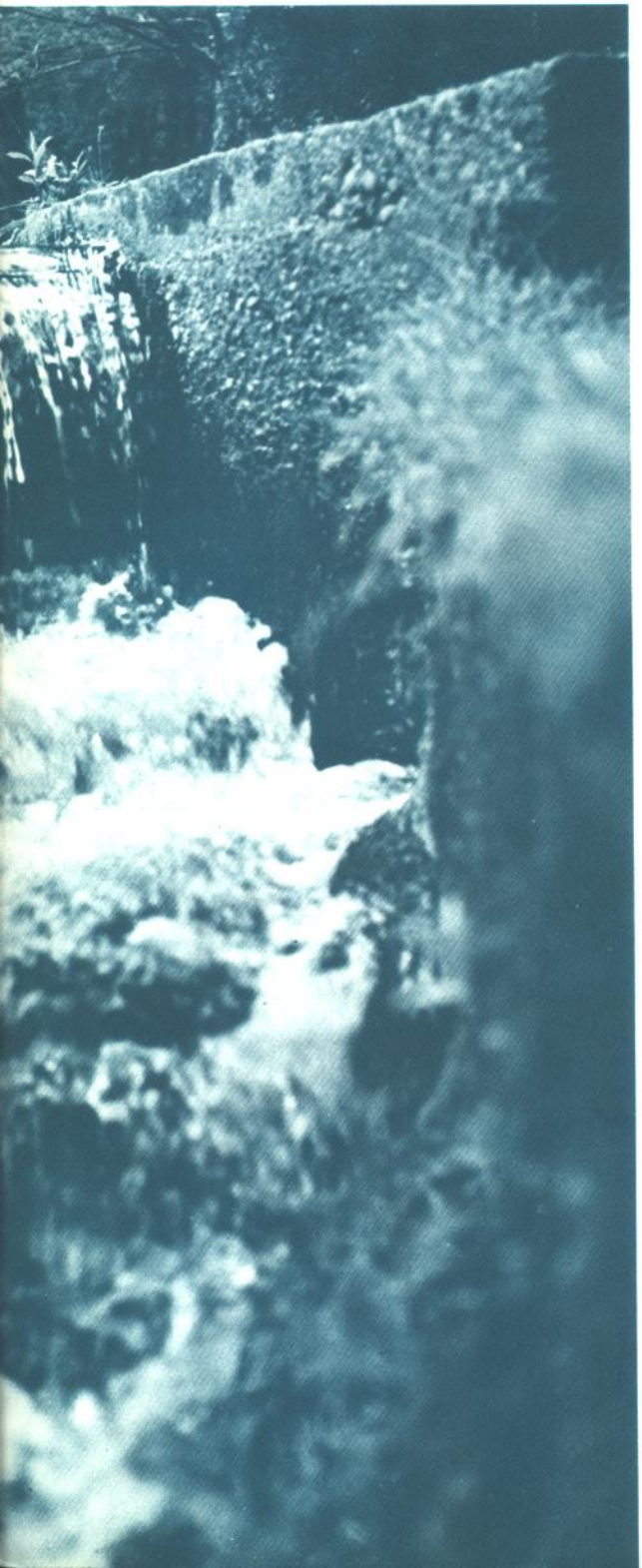
An Air Stripping Plant works on a very simple principle, in that most organic compounds of the type found in the Authority's wells can be removed by evaporation. With this fact in mind, all that had to be done was to find a suitable method of exposing some 1,200 gallons of water per minute to the air in order to give the organic compounds the needed exposure to the air. The contract for designing the Pilot Plant gave the Authority the right to purchase it for use at other well-field sites.

Metcalf & Eddy successfully designed and tested a model plant which removed sufficient quantities of the compounds to bring the water produced at the first site tested within the safe drinking water standards in force today and those expected in future years.

At the present time the Authority is hard at work utilizing the Pilot Plant which it purchased under the terms of the contract, gathering information on each of the out-of-service wells so that a permanent Air Stripping Plant can be designed and constructed tailored to serve each of the wells and then make possible their return to service.



# RECOVERING AQUIFER SECTIONS



This Air Stripping project is expected to save many millions of dollars for the Authority by making it unnecessary to replace many of the affected wells and any future wells found to contain similar contaminants. It also makes it possible for the Authority to reclaim millions of gallons of underground water which otherwise would have been lost to our use.

Aligned with the Authority's Air Stripping Research Program which was undertaken to return some 18 wells removed from service due to the presence or organic compounds is an on-going Authority project to recover various aquifer sections for water use by varying pumping patterns to conform to the movement of contaminants in the aquifers of Suffolk County.

Evaluation of data obtained from on-going investigations of the water resources of Suffolk County have emphasized that our groundwaters are a dynamic body, constantly moving and changing with inputs of fresh clean water from precipitation, continuous discharges to streams, the Sound and Atlantic Ocean, as well as withdrawals from pumping wells. These dynamics are also influenced by the activities of man with his discharges of sanitary and industrial wastes, and paving over of recharge areas which is partly balanced by the construction of storm water recharge basins.

We are also improving our ability to investigate and interpret the results of monitoring programs to evaluate the contaminants in water samples. For example, upon detection of an organic solvent in a well supply in the past, production from that source was discontinued. We now conduct more detailed investigations to attempt to determine the source of that material and whether the discharge was a single incident or an intermittent or continuous source. The chemical properties of the compound (density, solubility) will affect the movement of the compound in the water body as well as the aquifer properties and irregularities. It is important to recognize that, most commonly, these materials do not dilute or disperse throughout the entire water body, but move slowly in either discreet "bubbles" or in relatively well-defined "plumes" with little dispersion unless influenced by the aquifer configurations or by pumping patterns.

The Authority, in recent months, has been able to recover for potable water reproduction several wells whose use was previously discontinued. A considerable savings in construction costs was realized by taking advantage of our in-house monitoring capabilities to chemically analyze, on a daily basis where necessary, water produced to insure compliance with all applicable standards and guidelines. At a well-field and pumping station in Central Islip, analysis of two wells previously closed indicated complete absence of the offending compound. Placed in routine service, these wells produced more than 15 million gallons of excellent quality water before low concentrations reappeared. These wells are again out-of-service but will be test-pumped soon to test our hypothesis that it is possible to manage water production to deliver water of safe and potable quality even if there are contaminated sections nearby. The substantial costs of new facilities can then be avoided or at least delayed.

We are however, always mindful of our duty to deliver water which is as close to pure as possible and this will, of course, remain our overriding consideration.

# REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of
Suffolk County Water Authority

In our opinion, the accompanying balance sheet and the related statements of revenue and revenue invested in facilities and of changes in financial position present fairly the financial position of Suffolk County Water Authority at May 31, 1982 and 1981, 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.

Jericho, New York
August 9, 1982

Price Waterhouse & Co.

# STATEMENT OF REVENUE AND REVENUE INVESTED IN FACILITIES

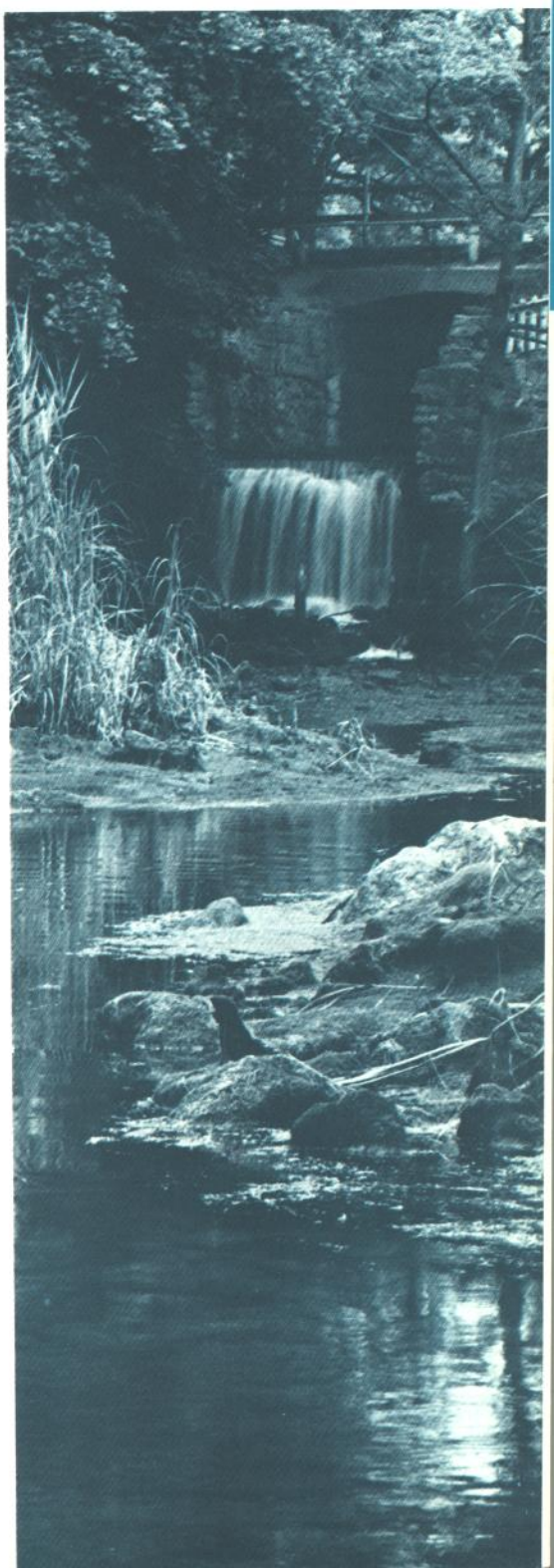
| | Year ended May 31, 1982 | 1981 |
|---|---|---|
| **Revenues:** | | |
| Operating | **$30,992,000** | $30,752,000 |
| Interest | **3,681,000** | 3,380,000 |
| Total revenues | **34,673,000** | 34,132,000 |
| Operating expenses: | | |
| Operations | **17,854,000** | 15,091,000 |
| Maintenance | **3,473,000** | 3,392,000 |
| Total operating expenses, except depreciation deducted below | **21,327,000** | 18,483,000 |
| Revenue before interest and depreciation (Note 4) | **13,346,000** | 15,649,000 |
| Deduct: | | |
| Interest expense | **5,935,000** | 5,837,000 |
| Amortization of debt discount and expense | **139,000** | 140,000 |
| Depreciation (Note 1) | **4,729,000** | 3,074,000 |
| | **10,803,000** | 9,051,000 |
| Revenue invested in facilities: | | |
| For the year | **2,543,000** | 6,598,000 |
| At beginning of year | **65,267,000** | 58,669,000 |
| At end of year | **$67,810,000** | $65,267,000 |

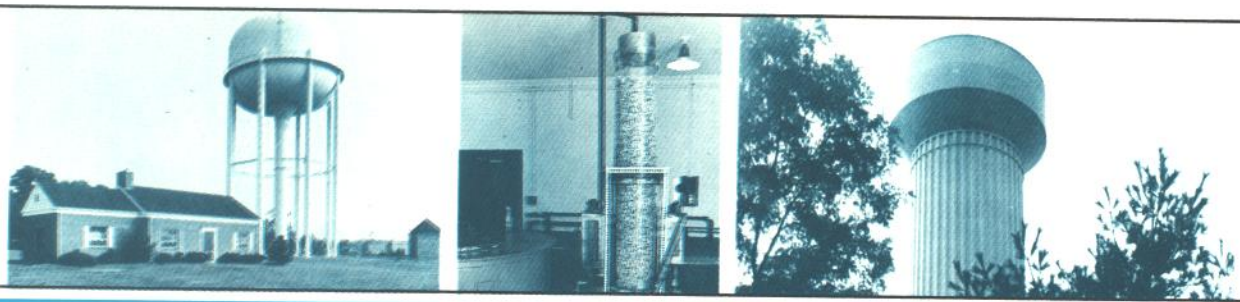
The accompanying notes are an integral part of these financial statements.

# BALANCE SHEET

| | May 31, 1982 | 1981 |
|---|---|---|
| **ASSETS** | | |
| Water Plant, at cost less accumulated depreciation (Note 2) | **$225,548,000** | $215,833,000 |
| Funds held by Fiscal Agent: | | |
| New construction fund, cash | **902,000** | 2,522,000 |
| Debt service reserve fund (Note 4) | **9,115,000** | 9,250,000 |
| Bond proceeds | **4,437,000** | |
| | **14,454,000** | 11,772,000 |
| **Current Assets:** | | |
| Cash | **450,000** | 1,005,000 |
| Bank certificates of deposit and repurchase agreements | **13,985,000** | 13,300,000 |
| Additional funds held by Fiscal Agent: | | |
| General fund | **100,000** | 100,000 |
| Debt service fund | **5,120,000** | 4,993,000 |
| Accounts receivable, less allowance for doubtful accounts of $374,000 and $366,000 | **2,642,000** | 2,734,000 |
| Interest and other receivables | **275,000** | 426,000 |
| Accrued fire protection revenue | **768,000** | 723,000 |
| Materials and supplies, at average cost | **1,983,000** | 2,005,000 |
| Prepayments | **227,000** | 205,000 |
| **Total current assets** | **25,550,000** | 25,491,000 |
| Deferred charges: | | |
| Unamortized debt discount expense | **2,497,000** | 2,567,000 |
| Other | **177,000** | 153,000 |
| | **2,674,000** | 2,720,000 |
| | **$268,226,000** | $255,816,000 |
| **CAPITALIZATION AND LIABILITIES** | | |
| **Capitalization:** | | |
| Water Works Revenue Bonds, less current portion (Note 3) | **$117,193,000** | $119,274,000 |
| Contributions in aid of construction | **51,944,000** | 48,921,000 |
| Revenue invested in facilities | **67,810,000** | 65,267,000 |
| **Total capitalization** | **236,947,000** | 233,462,000 |
| **Current liabilities:** | | |
| Bond anticipation notes payable (Note 3) | **8,000,000** | |
| Current maturities of Water Works Revenue Bonds (Note 3) | **2,082,000** | 2,007,000 |
| Accounts payable | **1,074,000** | 1,198,000 |
| Accrued interest | **3,137,000** | 3,085,000 |
| Accrued retirement contributions | **4,359,000** | 4,097,000 |
| Other accrued liabilities | **2,246,000** | 1,745,000 |
| Customer deposits | **2,472,000** | 2,318,000 |
| **Total current liabilities** | **23,370,000** | 14,450,000 |
| Advances for construction Commitments (Note 5) | **7,909,000** | 7,904,000 |
| | **$268,226,000** | $255,816,000 |

The accompanying notes are an integral part of these financial statements.





# STATEMENT OF CHANGES IN FINANCIAL POSITION

| | Year ended May 31, 1982 | 1981 |
|---|---|---|
| Financial resources were provided by: | | |
| Operations: | | |
| Revenue invested in facilities | **$ 2,543,000** | $ 6,598,000 |
| Add depreciation and amortization | **4,868,000** | 3,214,000 |
| Less capitalized interest | **(266,000)** | (300,000) |
| Working capital provided from operations | **7,145,000** | 9,512,000 |
| Net proceeds from sale of Water Works Revenue Bonds | | 5,733,000 |
| Advances and contributions for construction, net of refunds of $254,000 in 1982 and $172,000 in 1980 | **3,028,000** | 3,559,000 |
| Other | | 56,000 |
| | **10,173,000** | 18,860,000 |
| Financial resources were used for: | | |
| Additions to water plant, net of retirements | **14,178,000** | 12,453,000 |
| Current maturities and redemptions of Water Works Revenue Bonds | **2,081,000** | 2,007,000 |
| Increase in funds held by Fiscal Agent for new construction, debt service reserve and bond proceeds funds | **2,682,000** | 2,244,000 |
| Other | **93,000** | |
| | **19,034,000** | 16,704,000 |
| Increase (decrease) in working capital | **$ (8,861,000)** | $ 2,156,000 |
| **Changes in Elements of Working Capital** | | |
| Increase (decrease) in current assets: | | |
| Cash | **$ (555,000)** | $(1,656,000) |
| Bank certificates of deposit | **685,000** | 4,463,000 |
| Funds held by Fiscal Agent | **127,000** | 286,000 |
| Accounts receivable | **(92,000)** | 290,000 |
| Interest and other receivables | **(151,000)** | (23,000) |
| Accrued fire protection revenue | **45,000** | 126,000 |
| Materials and supplies | **(23,000)** | 227,000 |
| Prepayments | **23,000** | (176,000) |
| | **59,000** | 3,537,000 |
| (Increase) decrease in current liabilities: | | |
| Current maturities of Water Works Revenue Bonds | **(75,000)** | (96,000) |
| Accounts payable | **124,000** | (601,000) |
| Bond anticipation notes payable | **(8,000,000)** | |
| Accrued interest | **(52,000)** | (195,000) |
| Accrued retirement contributions | **(262,000)** | (339,000) |
| Other accrued liabilities | **(501,000)** | (268,000) |
| Customer deposits | **(154,000)** | 118,000 |
| | **(8,920,000)** | (1,381,000) |
| Increase (decrease) in working capital | **$(8,861,000)** | $ 2,156,000 |

The accompanying notes are an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Suffolk County Water Authority is a public benefit corporation. Its accounts are maintained generally in accordance with the Uniform System of Accounts prescribed by the New York State Public Service Commission (PSC), although the Authority is not subject to PSC rules and regulations. The Authority is authorized to establish rates without review by the PSC.

### Water Plant

Water plant is carried at original cost, including the cost 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 costs of repairs, minor betterments and renewals are charged to maintenance expense as incurred. The Authority does not credit water plant for contributions in aid of construction.

### Depreciation

Depreciation of water plant is provided on the straight-line basis using a composite annual rate which is based on the average service lives and net salvage value of properties. Beginning June 1, 1981, the composite rate was increased to 2.14% from 1.4% based on a recent engineering study of water plant useful lives and resulted in an increase in depreciation expense of $1,730,000 for fiscal 1982.

### 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 this restricted cash represents monies received from the New Construction Fund held by the Fiscal Agent to be used solely for new construction. In addition, the Bond Proceeds Fund is similarly restricted.

At May 31, 1982, the Debt Service Reserve Fund held by the Fiscal Agent was invested in certificates of deposit with interest rates ranging from 13.00% to 13.875% and maturities at various dates through November 26, 1982.

### Bank Certificates of Deposit

At May 31, 1982 the Authority has invested $13,985,000 of its operating funds in certificates of deposit with interest rates that range from 10.00% to 18.50% and mature at various dates through September, 1982. The Authority generally maintains such short-term investments through maturity.

### Revenue

Billings for water service are generally rendered on a quarterly cycle basis except for fire protection revenues which are billed semi-annually in arrears on June 1 and December 1. The Authority accrues for unbilled fire protection service but all other revenues are recognized when billed.

### Income Taxes

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

### Bond Premiums or Discounts and Expenses

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 substantially all of its employees as determined by New York State. The total provision for pension costs amounted to $2,111,000 and $1,898,000, of which $580,000 and $547,000 were capitalized in water plant accounts, in 1982 and 1981, respectively.

### 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. Upon expiration of the contract, any monies owed the Authority are billed to the developers and any remaining balance of the advance is transferred to Contributions in Aid of Construction ($2,159,000 — 1982; $2,333,000 — 1981).

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.

### Customer Deposits

As security for the payment of bills, the Authority generally requires a deposit from new residential or commercial customers. No interest is paid on such deposits.

During the 1981 and 1980 fiscal years, the Authority adopted resolutions to refund deposits received prior to June 1, 1979 and June 1, 1978, respectively, from residential customers who have had a good payment history. Accordingly, $365,000 and $288,000 was refunded to customers under these resolutions in 1982 and 1981.

## NOTE 2 — WATER PLANT:

| | May 31, 1982 | May 31, 1981 |
|---|---|---|
| Land and land rights | **$ 5,845,000** | $ 5,815,000 |
| Wells, reservoirs and structures | **43,735,000** | 40,425,000 |
| Pumping and purification equipment | **12,606,000** | 11,105,000 |
| Distribution systems | **184,880,000** | 176,330,000 |
| Other | **3,258,000** | 2,985,000 |
| Water plant, in service | **250,324,000** | 236,660,000 |
| Construction in progress | **12,431,000** | 11,921,000 |
| Water plant, at cost | **262,755,000** | 248,581,000 |
| Less – Accumulated depreciation | **37,207,000** | 32,748,000 |
| Net water plant | **$225,548,000** | $215,833,000 |

## NOTE 3 — WATER WORKS REVENUE BONDS:

| Series | Interest Rate | Final Maturity Date | May 31, 1982 | May 31, 1981 |
|---|---|---|---|---|
| A | 2.75% | 1984 | **$ 559,000** | $ 900,000 |
| A (Term) | 2.75% | 1985 | **711,000** | 711,000 |
| B-D | 3.50% | 1988 | **715,000** | 805,000 |
| F | 4.10-4.50% | 1998 | **4,780,000** | 4,830,000 |
| G | 4.00-4.10% | 2000 | **3,940,000** | 3,985,000 |
| H | 3.25-3.40% | 2001 | **4,955,000** | 4,990,000 |
| I | 3.25-3.50% | 2002 | **12,190,000** | 12,565,000 |
| J | 0.10-4.00% | 2002 | **10,955,000** | 11,290,000 |
| K | 4.10-4.50% | 2002 | **9,380,000** | 9,630,000 |
| L | 5.00-8.00% | 2003 | **9,420,000** | 9,610,000 |
| M | 6.25-6.50% | 2005 | **6,000,000** | 6,000,000 |
| N | 5.00-6.50% | 2006 | **9,510,000** | 9,590,000 |
| O | 5.50-7.00% | 2007 | **12,590,000** | 12,660,000 |
| Q | 5.75-7.25% | 2008 | **12,245,000** | 12,320,000 |
| R | 5.50-7.00% | 2010 | **15,325,000** | 15,395,000 |
| S | 7.875% | 2010 | **6,000,000** | 6,000,000 |
| Total Bonds Outstanding | | | **119,275,000** | 121,281,000 |
| Less: Current Maturities and Redemptions | | | **2,082,000** | 2,007,000 |
| | | | **$117,193,000** | $119,274,000 |

The Authority's debt consists principally of serial bonds which usually mature in increasing annual installments, except that $711,000 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 Series M bonds mature $2,000,000 annually, from 2003 to 2005. After certain dates, the serial bonds are redeemable in the inverse order of their maturity at varying prices in excess of principal amounts depending upon their redemption date. Bond maturities over the next five years are as follows:

| Fiscal Year | Amount |
|---|---|
| 1983 | **$ 2,182,000** |
| 1984 | **2,276,000** |
| 1985 | **2,373,000** |
| 1986 | **2,485,000** |
| 1987 | **2,600,000** |
| | **$11,916,000** |

On April 15, 1982, the Authority issued $8,000,000 of water works revenue bond anticipation notes at an interest rate of 9.36%. These notes have a one year term and are due on April 15, 1983.

## NOTE 4 — DEBT SERVICE REQUIREMENTS:

As prescribed in the Authority's Resolution, a minimum Debt Service Reserve Fund balance is to be maintained which is the greater of one and one-half years' interest on the outstanding bonds or the maximum annual future requirement for the payment of interest, serial bonds and Sinking Fund requirements. The required balance amounted to $9,115,000 at May 31, 1982.

Debt service requirements for the payment of interest and principal on outstanding bonds at May 31, 1982 approximate $8,196,000 in each of the next five years. Revenue before interest and depreciation was equivalent to 1.61 times (1.92 in 1981) the debt service requirement for the year ended May 31, 1982.

## NOTE 5 — COMMITMENTS:

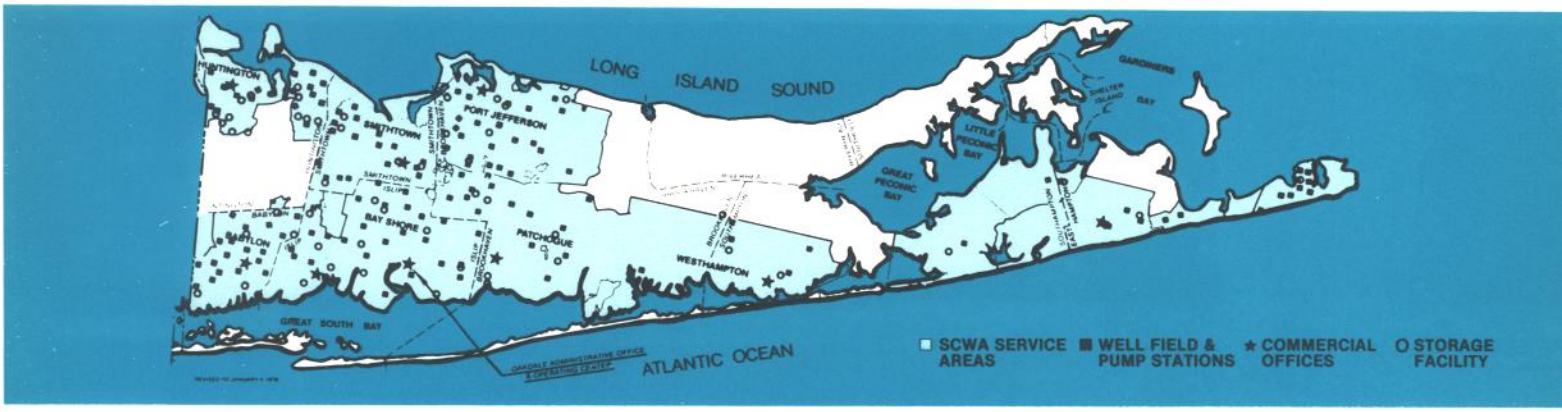
The Authority authorized a capital improvement construction budget for the fiscal year ending May 31, 1983 of approximately $14,794,000. A substantial portion of this amount has been committed at May 31, 1982.

## NOTE 6 — LITIGATION:

On April 23, 1981, three employees of an independent contractor, engaged in maintenance activities at a water tower owned by the Authority, suffered injuries which resulted in the deaths of two of the individuals. Claims for $42 million in damages have been commenced against the Authority by or on behalf of the three individuals, alleging violations of the New York State Labor Law and negligence.

The Authority, its legal counsel and its insurance carrier are continuing their investigation of the circumstances. The Authority members and management believe that meritorious defenses exist and a loss, if any, would not have a material adverse effect on the financial position or results of operations of the Authority.

# COMMUNITIES SERVED




### BABYLON DISTRICT

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

### BAY SHORE DISTRICT

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

### HUNTINGTON DISTRICT

Asharoken
Centerport
Cold Spring Harbor
Commack
Crab Meadow
East Huntington
East Neck
East Northport
Eatons Neck
Fort Salonga
Halesite
Huntington
Huntington Bay
Huntington Station
Lloyd Harbor
Northport

### EAST HAMPTON DISTRICT

Amagansett
East Hampton
Freetown
Montauk
North Sea
Sag Harbor
Southampton

### PATCHOGUE DISTRICT

Bayport
Bellport
Blue Point
Bohemia
Brookhaven
Coram
East Holbrook
East Patchogue
Farmingville
Gordon Heights
Holbrook
Holstville
Lakeland
Lake Ronkonkoma
Mastic
Mastic Beach
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
Lake Grove
Middle Island
Miller Place
Mount Sinai
North Centereach
North Selden
Poquott
Port Jefferson
Port Jefferson Station
Ridge
Rocky Point
Setauket
South Setauket
Sound Beach
South Stony Brook
Stony Brook
Terryville

### 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 District

# SCWA

## SUFFOLK COUNTY WATER AUTHORITY

OAKDALE, LONG ISLAND, N.Y. 11769