



SUFFOLK COUNTY WATER AUTHORITY

Salutes Suffolk's 300th Anniversary

1983 ANNUAL REPORT



AUTHORITY MEMBERS

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

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

Independent Accountants

Prudential-Bache Securities, Inc.

Financial Consultant

Leggette, Brashears &

Graham, Inc.

Consulting Ground-Water Geologists



Left to right William A. Frankenbach, Miriam T. Anzel, Robert J. Flynn, Bert R. Friedman and Matthew B. Kondenar.

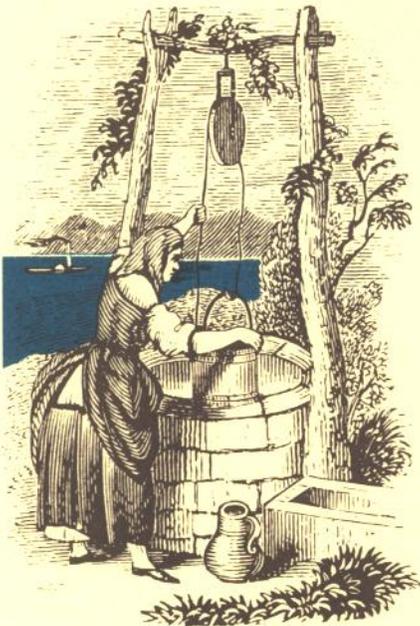


CHAIRMAN'S MESSAGE

As this report is being prepared Suffolk County is in the midst of celebrating its 300th anniversary. It is only fitting, therefore, that we at the Authority join in this celebration and attempt to illustrate in this report the history of public water supply in Suffolk and the importance it has played in helping to make Suffolk County an outstanding place to live and raise a family over the past 300 years.

The Suffolk County Water Authority has only been supplying Suffolk with a large amount of its fresh water supply for 32 of those 300 years; but to a large degree the phenomenal growth during those 32 years has never been equalled in Suffolk's 300 year history and will probably never be matched again. During this 32 year period Suffolk's population increased from 276,129 to 1,284,231 inhabitants.

In looking back over those 300 years we find that Suffolk County was fortunate since its inception to possess an abundance of fresh water which was readily available to its inhabitants.



For centuries all Suffolk residents had to do was drive a pipe a few feet into the ground, attach a small pump, and a private water system was available to provide the fresh water supply the individual needed. This ready water supply was one of the major reasons for Suffolk's original colonization and for the success its settlers had in forging a thriving civilization out of the wilderness.

In the post World War II era, when Suffolk was confronted with the Baby Boom and the flight from the cities, vast housing developments appeared overnight. Now it was no longer possible for each individual homeowner to install a cheap well and be certain that he would continue to receive a pollution-free supply of fresh water. In order to provide for the continued development of Suffolk, and for its populace to continue to enjoy an uninterrupted supply of potable water, a public water distribution system was needed.

Starting operations in 1951, at the beginning of the rapid period of development, the Authority was charged with meeting the need for a public water supply and developing a single public water distribution system to serve all of Suffolk County. Little did the public officials, who formed the Authority in 1937, realize the tremendous challenge the Authority would face during its first 30 years of operation in carrying out that mission. The Authority had to keep pace with the unprecedented growth Suffolk County was to experience, and design and install entire new systems in order to quench the public's thirst for more and more potable water.

A brief examination of the Authority's growth over this 32 year period will provide a clear illustration of that challenge and how the Authority was able to meet its responsibilities. In 1951, when the Authority was formed, it served only 21,159 customers and had a total plant value of \$7,412,000. Today we serve 246,169 customers and have a total plant value in excess of \$274,757,000. In fact, we serve approximately 80 percent of Suffolk's population,

bringing them a constant supply of water - "man's most precious possession."

Since its inception, each fiscal period has ended showing continued progress in all areas of Authority operations and Fiscal 1983 represented another banner year for the Authority. Total revenues reached a new high to \$39,097,000 and revenues available for debt service stood at \$17,349,000 or 1.92 times debt service. The Authority's sound financial condition earned it a Moody's Investor Service, Inc., rating of "A-1" for its March 22, 1983 \$16,000,000 bond issue.

The Authority also posted gains in the total number of customers serviced which at the close of the fiscal period stood at 246,169. Miles of main reached a new high of 3,586 and the number of fire hydrants in the Authority's system rose to 23,024.

The Authority continued its cooperation in scientific studies designed to safeguard Suffolk's underground water resources during Fiscal 1983. These ongoing studies are being conducted in cooperation with the U.S. Geological Survey, the New York State Health Department, the New York State Department of Environmental Conservation, the Long Island Regional Planning Board and the County of Suffolk Department of Health Services. During Fiscal 1983 the Authority contributed \$197,500 to these studies, up \$19,800 from the 1982 total of \$177,700.

On behalf of the members of the Authority and all of the residents of Suffolk County I would like to extend our appreciation for the role the 424 Authority employees have played in providing a fresh water supply to Suffolk County for the past 32 years and in particular for the fiscal period just ending.

For the Members,

Robert J. Flynn
Chairman



HIGHLIGHTS

	May 31	
	1983	1982
Total Revenues	\$ 39,097,000	\$ 34,673,000
Operating and Maintenance Expense, except depreciation	21,748,000	21,327,000
Interest on Bonds and Notes; including amortization of debt discount and expense	6,789,000	6,074,000
Depreciation	5,184,000	4,729,000
Revenues Invested in Facilities for the year	5,376,000	2,543,000
Revenues Invested in Facilities (since June 1, 1951)	73,186,000	67,810,000
Total Water Plant at Cost	274,757,000	262,755,000
Net Additions to Water Plant	12,002,000	14,174,000
Customers (Active Services)	246,169	243,177
Miles of Main in Service	3,586	3,554
Fire Hydrants in Service	23,024	22,894
Water Production (Million Gallons) ...	37,077	38,379

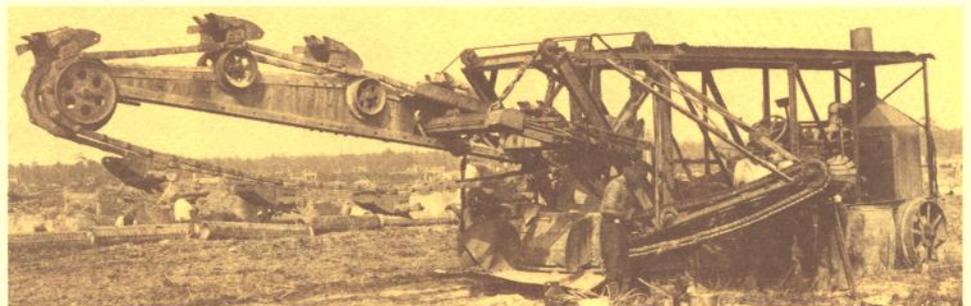


REVIEW OF THIS YEAR'S OPERATIONS



FINANCING

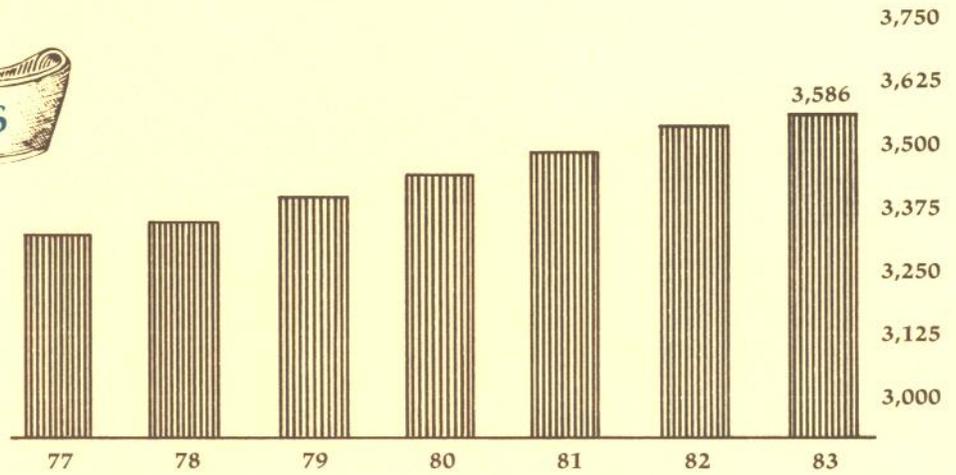
The Members of the Water Authority approved the sale of a \$16,000,000 Series T Bond Issue on March 22, 1983, to the lowest bidder at an annual average interest cost of 9.190%. This issue provided funds for payment of \$8,000,000 outstanding Series T Bond Anticipation Notes due April 15, 1983, and new construction expansion for the 1983-84 fiscal period. Moody's Investor Service, Inc. rated the Series T Bond Issue "A-1."



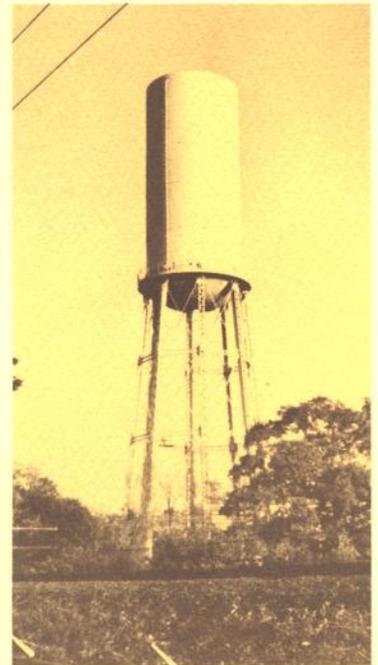
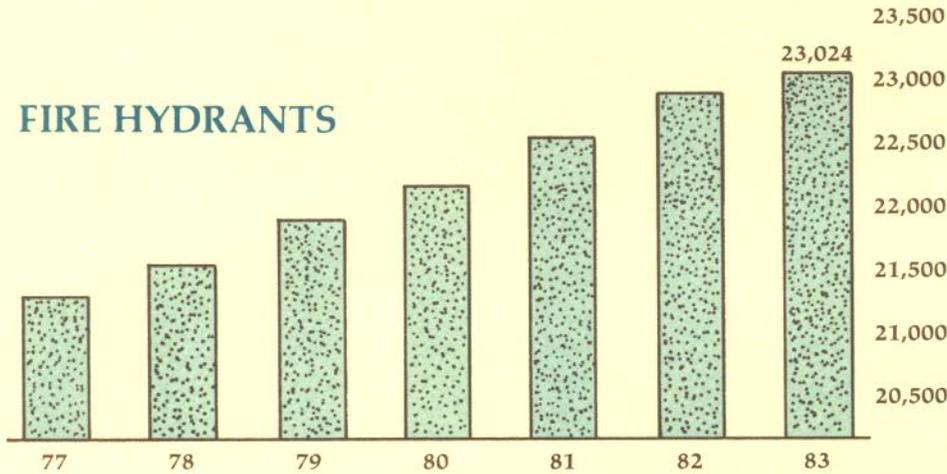


DATA COLLECTION

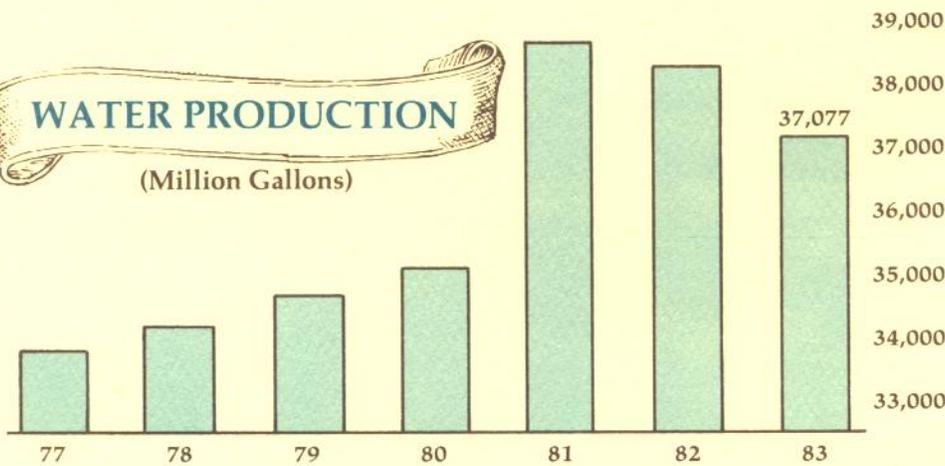
MILES OF MAINS



FIRE HYDRANTS



WATER PRODUCTION
(Million Gallons)





KEEPING PACE WITH SUFFOLK COUNTY 1973/1983

STATISTICS	For Fiscal Year Ended May 31		Ten-Year Growth	Percent Increase
	1983	1973		
Customers	246,169	195,360	50,809	26%
Population Served	812,000	684,000	128,000	19%
Miles of Pipelines	3,586	2,946	640	22%
Fire Hydrants	23,024	18,724	4,300	23%
Water Pumped (Million Gallons)	37,077	27,261	9,816	36%
Employees	424	459	(35)*	(8%)*
FINANCIAL				
Gross Revenues	\$ 36,127,000	\$ 14,450,000	\$ 21,677,000	150%
Water Plant at Cost	274,757,000	154,359,000	120,399,000	78%
Bonded Indebtedness	133,193,000	85,686,000	47,507,000	55%
Total Earnings Employed in the Business at the Close of Period	73,186,000	34,584,000	38,602,000	112%

* - () denotes decrease



PLANT FACILITIES

AS OF MAY 31, 1982 □ AS OF MAY 31, 1983 □

Service Areas or Plants	Wells				Pumping Plants				Storage Facilities				Active Services	
	Active		Inactive		No.		Capacity- 1000 Gals. Daily*		No.		Capacity in 1000 Gallons			
BABYLON	48	48	8	8	19	19	82,102	82,102	9	9	7,815	7,815	52,932	53,383
BAY SHORE	50	50	7	7	20	20	82,555	82,411	7	7	6,012	6,012	46,378	46,693
EAST HAMPTON	28	31	-	-	15	17	19,188	21,636	4	4	3,720	3,720	9,742	10,112
HUNTINGTON	50	49	3	4	20	20	59,990	58,406	11	11	11,842	11,842	28,102	28,239
PATCHOGUE	64	64	4	4	24	24	106,056	106,056	10	11	10,465	11,465	47,329	48,336
PORT JEFFERSON	60	68	1	1	26	28	96,422	108,461	7	7	7,404	7,404	32,324	32,575
SMITHTOWN	47	49	3	2	20	20	82,066	84,514	6	6	6,100	6,100	22,388	22,682
WESTHAMPTON	23	23	-	-	7	7	16,524	16,524	3	3	2,350	2,350	3,982	4,149
TOTALS	370	382	26	26	151	155	544,903	560,110	57	58	55,708	56,708	243,177	246,169

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



UBLIC WATER ITS VITAL ROLE IN SUFFOLK'S PAST

The history of public water distribution in Suffolk County is to a large degree synonymous with the growth of the Great South Bay Consolidated Water Company which was acquired by the Suffolk County Water Authority when it took over South Bay on May 31, 1951. On this date most of the early water companies that had been formed by public spirited Suffolk residents dating as far back as 1887 became part of the Authority's integrated public water supply system which will someday serve all of Suffolk County.

In looking back in time and tracing the history of public water supply development we find that South Bay Consolidated Water Company was actually a subsidiary of the New York Water Service Corporation which owned water supply systems throughout New York State and elsewhere. When the Authority acquired South Bay in 1951, the company was serving an estimated population of 70,000 Suffolk residents from seven separate water plants located mostly on Suffolk's south shore. These water plants were located in Amityville, Bay Shore, Patchogue, East Hampton, Port Jefferson, Smithtown, Southampton and Westhampton.

The Authority made another major acquisition on May 31, 1953 when it acquired New York's systems in Babylon, Huntington and Sag Harbor adding another 45,000 people to its total population served.

As we pointed out earlier, the development of public water supply here in Suffolk County is actually a study of the development of the South Bay Consolidated Water Company's distribution system.

Great South Bay Water Company's original undertaking after it was formed in 1889, was its Bay Shore plant which was designated to supply the Bay Shore-Patchogue area. Great South Bay at this time was in competition with the Suffolk County Water Company, the first water company in Suffolk, formed in 1887 to serve portions of Patchogue and parts of Islip Town. In 1894 Great South Bay acquired Suffolk Water Company's interests and integrated them into its Bay Shore-Patchogue plant.

Later in 1923 the Great South Bay Water Company acquired the Brightwaters Water Company, Inc., which was founded in 1913. The Bellport and Oakdale pump stations, which were part of the Bay Shore-Patchogue plant, were built by South Bay Consolidated Water Company, Inc., which had purchased the Great South Bay Water Company on June 19, 1925.

The history of South Bay's Westhampton plant began with the formation of the Quantuck Water Works Company in 1902. This water supply company was established by 11 men living on eastern Long Island and in New York City.



The original founders were: Theodore F. Jackson, Mortimer D. Howell and Ernest H. Bishop of Westhampton Beach, Erastus F. Post, Abram S. Post, J. Post Howell and Henry Gardiner of Quogue, Morris Phillips, Frederick W. Cook of East Quogue, James M. Montgomery and Charles H. Smith of New York City. The corporation was given permission to supply water to the portion of Southampton lying west of Weesuck Creek. The water was to be supplied from May 1 to October 1 and they were also required to supply free of charge three drinking fountains in the district.



In 1925 the Quantuck Water Works Company changed its name to the South Bay Consolidated Water Company, Inc. By 1927 this corporation had acquired three existing water companies in the area. They were the West Bay Company founded in 1918 and sold to the corporation that same year, the Pond Point Development Company, founded in 1924 and sold the same year; and the Great South Beach Water Company created in 1923 and sold to South Bay Consolidated Water Co., Inc. in 1927.

The Southampton Water Works Company was created in 1894 and was sold to South Bay Consolidated Water Company, Inc. in 1925. When the Southampton Water Works Company began operation they had six miles of water mains and by 1908 they had 16 miles. The first officers of this company were James H. Pierson, President; J.W.F. Howell, Vice President; Edward H. Foster, Secretary; and W.O. Williamson,

Treasurer. The directors of the company were E.A. Hildreth, A.L. Morton, Henry H. Hildreth, J.W. Hildreth, S.L. Parrish, and John B. Cauldwell. The original water works building is still standing.

South Bay's Amityville plant was created in 1893 and sold to South Bay Consolidated in 1925.

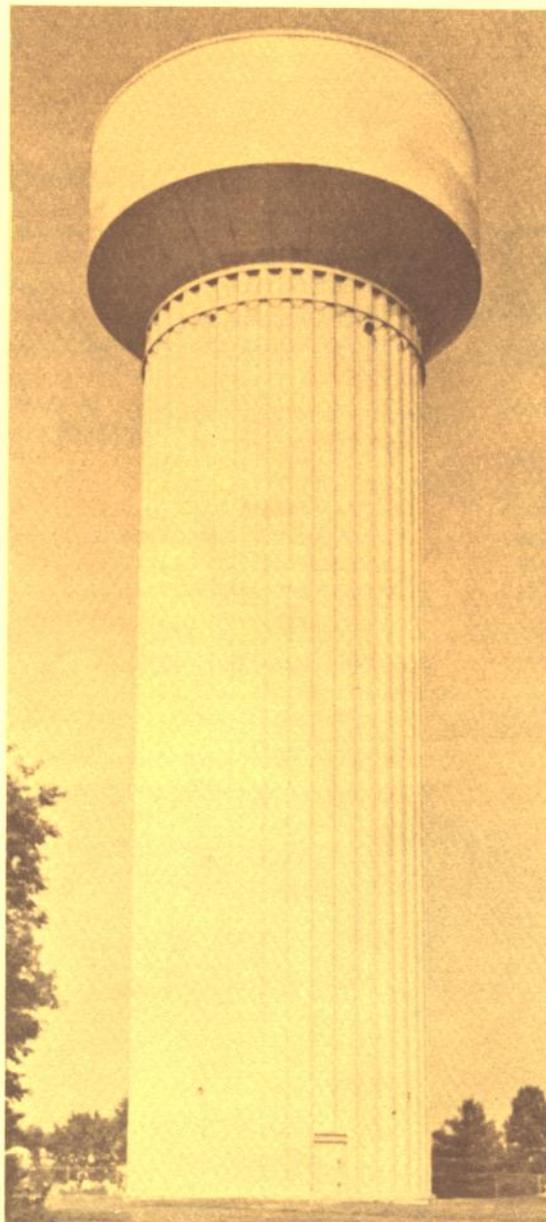
The Port Jefferson Water Company which was founded in 1898 was purchased by South Bay in 1925.

The Kings Park Water Company which was founded in 1925 was sold to South Bay Consolidated in 1927.

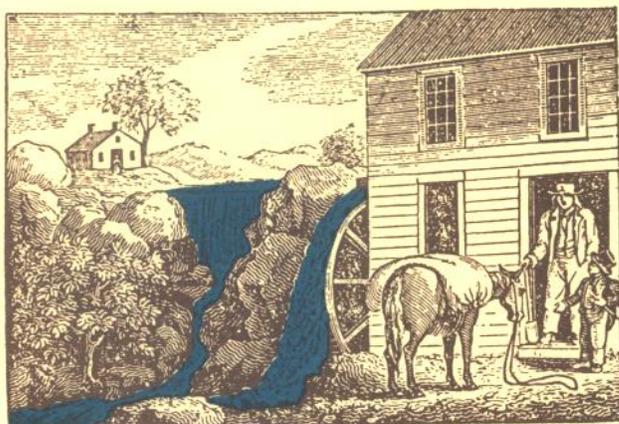
As Suffolk County continued to grow other water companies were formed to serve the needs of individual areas. One interesting water distribution system was installed in 1917 to serve the U.S. Army Training Center at Camp Upton. Portions of the wood pipe installed for this system were uncovered and saved by the Authority when it was installing water main in the area early this year. Information supplied by the Camp Upton History Collection at Brookhaven Lab indicated the system included 18 miles of water main. The iron banded, wood stave pipe varied in size from 4 inches to 48 inches in diameter. Storage for fire protection services was provided by six wooden tanks, see photo below.

After the second World War, the baby boom and mushrooming development hit Suffolk County and numerous private and public water distributions systems were established. These systems were either installed by developers or local governments to serve isolated areas of Suffolk County that had suddenly become centers of population and required a public water supply.

At the close of the 1983 fiscal period, the Authority was serving 246,169 customers through a distribution system made up of 3,586 miles of water main and 23,024 fire hydrants. It had 382 active production wells capable of producing 560,110,000 gallons of water daily with storage capacity for fire protection service of 56,708,000 gallons in 58 storage facilities.



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, 1983 and 1982, 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.

Price Waterhouse



STATEMENT OF REVENUE AND REVENUE INVESTED IN FACILITIES

	Year ended May 31,	
	1983	1982
Revenues:		
Operating	\$36,127,000	\$30,992,000
Interest	2,970,000	3,681,000
Total revenues	<u>39,097,000</u>	<u>34,673,000</u>
Operating expenses:		
Operations	17,699,000	17,854,000
Maintenance	4,049,000	3,473,000
Total operating expenses, except depreciation deducted below	<u>21,748,000</u>	<u>21,327,000</u>
Revenue before interest and depreciation (Note 4)	<u>17,349,000</u>	<u>13,346,000</u>
Deduct:		
Interest expense	6,576,000	5,935,000
Amortization of debt discount and expense	213,000	139,000
Depreciation (Note 1)	5,184,000	4,729,000
	<u>11,973,000</u>	<u>10,803,000</u>
Revenue invested in facilities:		
For the year	5,376,000	2,543,000
At beginning of year	67,810,000	65,267,000
At end of year	<u>\$73,186,000</u>	<u>\$67,810,000</u>

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





BALANCE SHEET

ASSETS	May 31,	
	1983	1982
Water Plant, at cost less accumulated depreciation (Note 2)	\$232,996,000	\$225,548,000
Funds held by Fiscal Agent:		
New construction fund, cash	3,215,000	902,000
Debt service reserve fund (Note 4)	11,133,000	9,115,000
Bond proceeds	2,868,000	4,437,000
	17,216,000	14,454,000
Current assets:		
Cash (including \$1,799,000 in 1983 in interest bearing accounts)	2,385,000	450,000
Bank certificates of deposit and repurchase agreements	14,875,000	13,985,000
Additional funds held by Fiscal Agent:		
General fund	100,000	100,000
Debt service fund	5,319,000	5,120,000
Accounts receivable, less allowance for doubtful accounts of \$414,000 and \$469,000	2,933,000	2,642,000
Interest and other receivables	176,000	275,000
Accrued fire protection revenue	904,000	768,000
Materials and supplies, at average cost	1,994,000	1,983,000
Prepayments	230,000	227,000
Total current assets	28,916,000	25,550,000
Deferred charges:		
Unamortized debt discount expense	2,856,000	2,497,000
Other	143,000	177,000
	2,999,000	2,674,000
	\$282,127,000	\$268,226,000

CAPITALIZATION AND LIABILITIES

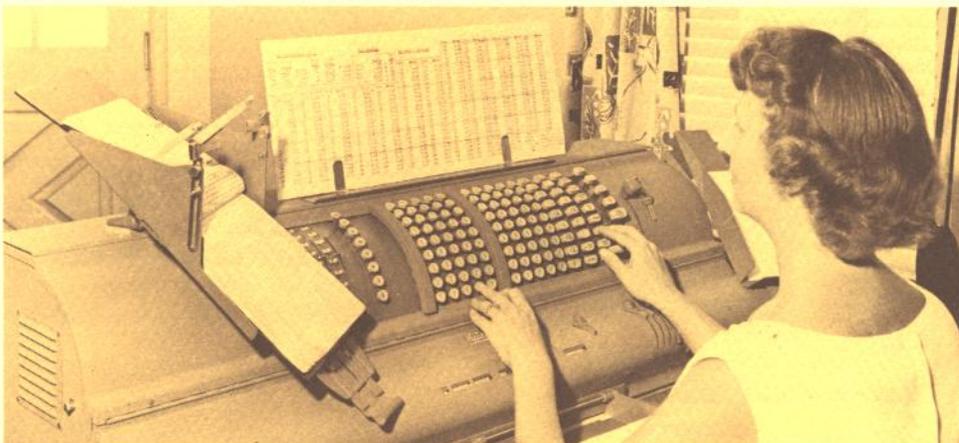
Capitalization:

Water Works Revenue Bonds, less current portion (Note 3)	\$131,011,000	\$117,193,000
Contributions in aid of construction	55,108,000	51,944,000
Revenue invested in facilities	73,186,000	67,810,000
Total capitalization	259,305,000	236,947,000

Current liabilities:

Bond anticipation notes payable (Note 3)		8,000,000
Current maturities of Water Works Revenue Bonds (Note 3)	2,182,000	2,082,000
Accounts payable	816,000	1,074,000
Accrued interest	3,238,000	3,137,000
Accrued retirement contributions	4,360,000	4,359,000
Other accrued liabilities	2,292,000	2,246,000
Customer deposits	2,746,000	2,472,000
Total current liabilities	15,634,000	23,370,000
Advances for construction	7,188,000	7,909,000
Commitments (Note 5)		
	\$282,127,000	\$268,226,000

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





STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended May 31,	
	1983	1982
Financial resources were provided by:		
Operations:		
Revenue invested in facilities	\$ 5,376,000	\$ 2,543,000
Add depreciation and amortization	5,397,000	4,868,000
Less capitalized interest	(288,000)	(266,000)
Working capital provided from operations	10,485,000	7,145,000
Net proceeds from sale of Water Works		
Revenue Bonds	15,440,000	
Advances and contributions for construction, net of refunds of \$347,000 in 1983 and \$254,000 in 1982	2,443,000	3,028,000
	28,368,000	10,173,000
Financial resources were used for:		
Additions to water plant, net of retirements	12,344,000	14,178,000
Current maturities and redemptions of Water Works Revenue Bonds	2,182,000	2,081,000
Increase in funds held by Fiscal Agent for new construction, debt service reserve and bond proceeds funds	2,762,000	2,682,000
Other	(22,000)	93,000
	17,266,000	19,034,000
Increase (decrease) in working capital	\$11,102,000	\$(8,861,000)

Changes in Elements of Working Capital

Increase (decrease) in current assets:		
Cash	\$ 1,935,000	\$ (555,000)
Bank certificates of deposit and repurchase agreements	890,000	685,000
Additional funds held by Fiscal Agent	199,000	127,000
Accounts receivable	291,000	(92,000)
Interest and other receivables	(99,000)	(151,000)
Accrued fire protection revenue	136,000	45,000
Materials and supplies	11,000	(23,000)
Prepayments	3,000	23,000
	3,366,000	59,000
(Increase) decrease in current liabilities:		
Bond anticipation notes payable	\$ 8,000,000	\$(8,000,000)
Current maturities of Water Works Revenue Bonds	(100,000)	(75,000)
Accounts payable	258,000	124,000
Accrued interest	(101,000)	(52,000)
Accrued retirement contributions	(1,000)	(262,000)
Other accrued liabilities	(46,000)	(501,000)
Customer deposits	(274,000)	(154,000)
	7,736,000	(8,920,000)
Increase (decrease) in working capital	\$11,102,000	\$(8,861,000)

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





OTES

TO THE FINANCIAL
STATEMENTS
MAY 31, 1983 AND 1982

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNT- ING 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.

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, 1983, the Debt Service Reserve Fund held by the Fiscal Agent was deposited in an interest bearing account earning 7.80% interest.

Bank Certificates of Deposit and Repurchase Agreements

At May 31, 1983, the Authority has invested \$14,875,000 of its operating funds in certificates of deposit and repurchase agreements with interest rates that range from 7.80% to 8.85% and mature at various dates through September, 1983. 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 30 and December 31. 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 Employees' 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 \$1,796,000 and \$2,111,000, of which \$590,000 and \$580,000 were capitalized in water plant accounts, in 1983 and 1982, respectively.

Advances for Construction and Contributions in Aid of Construction

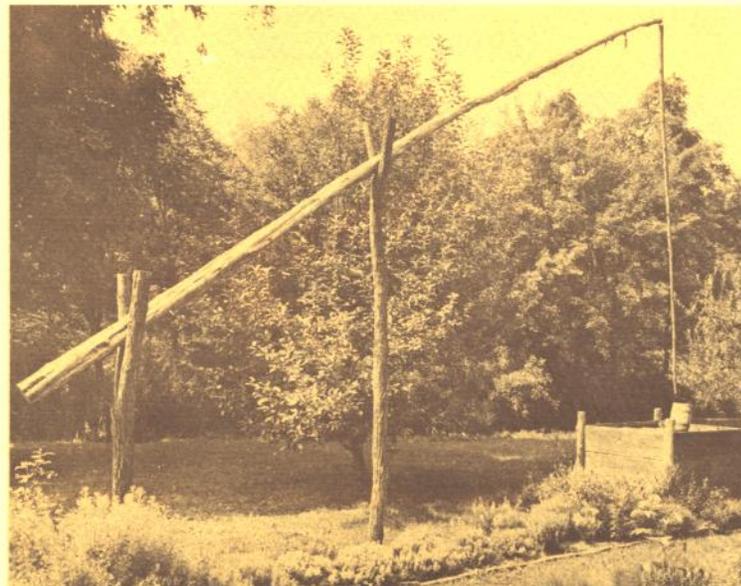
Under existing standard construction loan contracts with residential real estate developers and others, the developer advances to the Authority the cost of new main installations. Upon expiration of the contract, any monies owed the Authority are billed to the developers and any remaining balance of the advance is transferred to Contributions in Aid of Construction (\$2,298,000 — 1983; \$2,159,000 — 1982).

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 1982 and 1981 fiscal years, the Authority adopted resolutions to refund deposits received prior to June 1, 1980 and June 1, 1979, respectively, from residential customers who have a good payment history. Accordingly, \$250,000 and \$365,000 was authorized to be refunded to customers under these resolutions in 1983 and 1982. Actual refunds paid under these resolutions were \$111,000 and \$187,000, respectively.



NOTE 2 — WATER PLANT:

	May 31,	
	1983	1982
Land and land rights	\$ 5,961,000	\$ 5,845,000
Wells, reservoirs and structures	46,466,000	43,735,000
Pumping and purification equipment	13,529,000	12,606,000
Distribution systems	192,589,000	184,880,000
Other	3,566,000	3,258,000
Water plant, in service	262,111,000	250,324,000
Construction in progress	12,646,000	12,431,000
Water plant, at cost	274,757,000	262,755,000
Less - Accumulated depreciation	41,761,000	37,207,000
Net water plant	<u>\$232,996,000</u>	<u>\$225,548,000</u>

NOTE 3 — WATER WORKS REVENUE BONDS:

Series	Interest Rate	Final Maturity Date	May 31,	
			1983	1982
A	2.75%	1984	\$ 339,000	\$ 559,000
A (Term)	2.75%	1985	584,000	711,000
B-D	3.50%	1988	625,000	715,000
F	4.10-4.50%	1998	4,730,000	4,780,000
G	4.00-4.10%	2000	3,890,000	3,940,000
H	3.25-3.40%	2001	4,915,000	4,955,000
I	3.25-3.50%	2002	11,800,000	12,190,000
J	0.10-4.00%	2002	10,615,000	10,955,000
K	4.10-4.50%	2002	9,110,000	9,380,000
L	5.00-8.00%	2003	9,220,000	9,420,000
M	6.25-6.50%	2005	6,000,000	6,000,000
N	5.00-6.50%	2006	9,430,000	9,510,000
O	5.50-7.00%	2007	12,520,000	12,590,000
Q	5.75-7.25%	2008	12,155,000	12,245,000
R	5.50-7.00%	2010	15,260,000	15,325,000
S	7.875%	2010	6,000,000	6,000,000
T	9.10%	2011	16,000,000	
Total Bonds Outstanding			133,193,000	119,275,000
Less: Current Maturities and Redemptions			2,182,000	2,082,000
			<u>\$131,011,000</u>	<u>\$117,193,000</u>

The Authority's debt consists principally of serial bonds which usually mature in increasing annual installments, except that \$584,000 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
1984	\$2,326,000
1985	2,433,000
1986	2,545,000
1987	2,665,000
1988	2,790,000
	<u>\$12,759,000</u>

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 had a one year term and were due on April 15, 1983.

On April 1, 1983, the Authority issued \$16,000,000 of water work revenue bonds at an interest rate of 9.10%. Part of the proceeds from these bonds were used to retire the bond anticipation notes noted above.

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 \$11,133,000 at May 31, 1983.

Debt service requirements for the payment of interest and principal on outstanding bonds at May 31, 1983 approximate \$9,690,000 in each of the next five years. Revenue before interest and depreciation was equivalent to 1.92 times (1.61 in 1982) the debt service requirement for the year ended May 31, 1983.

NOTE 5 — COMMITMENTS:

The Authority authorized a capital improvement construction budget for the fiscal year ending May 31, 1984 of approximately \$16,322,000. A substantial portion of this amount has been committed at May 31, 1983.

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
Holtsville
Lakeland
Lake Ronkonkoma

Mastic
Mastic Beach
Medford
North Bellport
North Patchogue
Patchogue
Ronkonkoma
Sayville
Selden
South Centereach
South Holbrook
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
Quogue
Quogue
Westhampton
Westhampton Beach

* — Included in Wholesale Water District



□ SCWA SERVICE AREAS ■ WELL FIELD & PUMP STATIONS ★ COMMERCIAL OFFICES ○ STORAGE FACILITY



SCWA
SUFFOLK COUNTY WATER AUTHORITY
OAKDALE, LONG ISLAND, N.Y. 11769

