

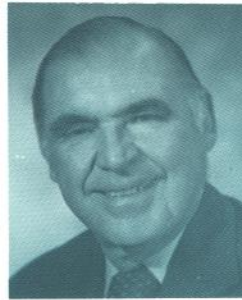
# SUFFOLK COUNTY WATER AUTHORITY



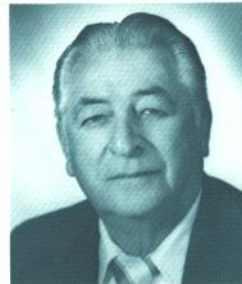
**1984**  
ANNUAL REPORT



# 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



# Chairman's Message

The Authority's commitment to supply water free of contaminants to its 250,544 customers took a new direction in fiscal 1984, as, for the first time, it was necessary to install water treatment facilities in our system. These facilities were required because of a growing awareness that the groundwater, which for centuries was considered free of contaminants, is vulnerable to pollution from carelessly discarded commercial and household wastes.

Today, the Authority is in the midst of a water quality revolution. Water which a decade ago was considered pure has now been determined to contain chemical contaminants previously undetectable. This has forced us to change our definition of clean water. Only recently has laboratory equipment been developed capable of detecting these pollutants and only recently have Federal and State Water Quality Regulations begun to take into account our new found scientific knowledge. New standards have been developed by both federal and state agencies requiring water suppliers to look more closely at the source of supply and take a more sophisticated approach to safeguarding their water resources.

Suffolk County obtains all of its fresh water from underground water resources stored in three glacial aquifers. Much of this water has been in the ground for

centuries. During this time it has been open to pollution from thousands of sources. A farmer dumping gasoline on the ground when filling his tractor with gas, a homeowner carelessly dumping cleaning fluid in the backyard, a junkyard allowing its oil and grease to seep into the ground or a defense plant leaching its degreasers into underground cesspools all contribute to the presence of chemical contaminants in Long Island's underground water supply. Today we are beginning to feel the effects of our past actions, as more and more private and public water supply wells are defiled by pollutants.

The Authority has always supplied water to its customers which exceeded the water quality standards set by Federal and State agencies. We still do. However, in order to continue supplying our customers with the highest quality water available, we have been forced to undertake treatment of a portion of the water we supply. The installation of these treatment facilities marks the beginning of a new era in Authority operations and signals the start of a costly challenge to the Authority in the years ahead.

The activated carbon filters and air stripping equipment placed on line recently at three Authority well field sites are only the first of many that may have to be installed as more and more of the chemical contaminants that have been introduced to the ground water reach the deeper aquifers and the water level from which the Authority draws its supply. The cure and prevention of this problem will be expensive and will most certainly be reflected in the rates the Authority charges its customers in the years ahead.

In other activity during the past fiscal period, the Authority maintained its excellent financial position by posting gains in every area of operation. Total gross revenues reached a new high of \$43,479,000. Revenues available for debt service stood at \$19,512,000 or 2.01 times debt service. The Authority's sound financial position has earned it a Moody's Investor Service, Inc. rating of "A-1," which was given our last bond issue of March 1983.

Confronting the water quality revolution over the next few years will test both the ability and capabilities of all of us involved in Authority operations. To a large extent, the level of success the Authority reaches in meeting these demands will depend on hard work and efforts of the 440 Authority employees. On behalf of the Members and all the residents of Suffolk County, I would like to extend our appreciation for all the past efforts of these 440 employees and call on them to work together with us to meet the challenge of the future.



**Robert J. Flynn**  
Chairman



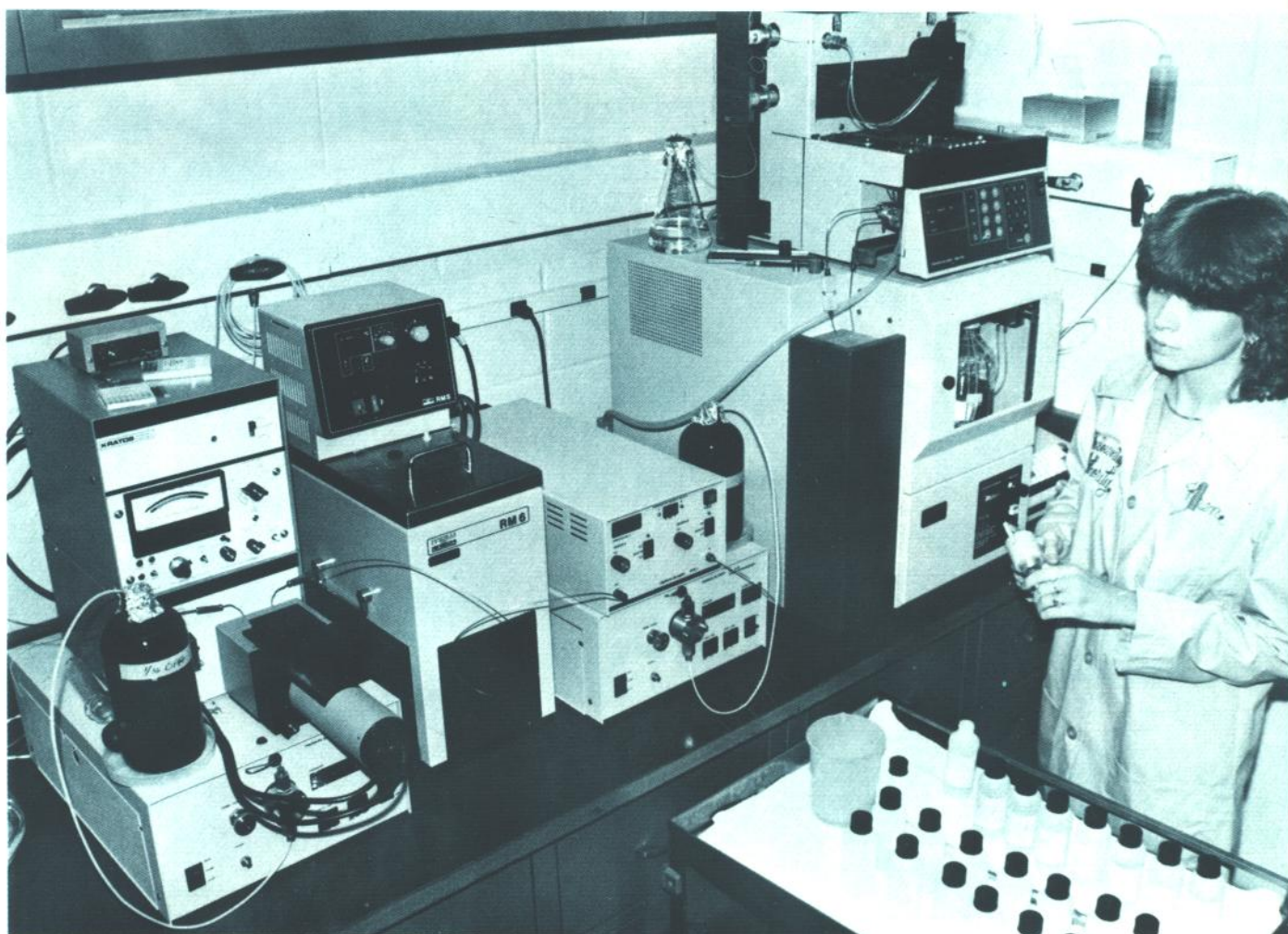
# Highlights

	May 31	
	1984	1983
Total Revenues .....	<b>\$ 43,479,000</b>	\$ 39,097,000
Operating and Maintenance Expense except depreciation .....	<b>23,967,000</b>	21,748,000
Interest on Bonds and Notes: including amortization of debt discount and expense .....	<b>7,274,000</b>	6,789,000
Depreciation .....	<b>5,447,000</b>	5,184,000
Revenues Invested in Facilities for the year .....	<b>6,791,000</b>	5,376,000
Revenues Invested in Facilities (Since June 1, 1951) .....	<b>79,977,000</b>	73,186,000
Total Water Plant at Cost .....	<b>289,210,000</b>	274,757,000
Net Additions to Water Plant .....	<b>14,453,000</b>	12,002,000
Customers (Active Services) .....	<b>250,544</b>	246,169
Miles of Main in Service .....	<b>3,645</b>	3,586
Fire Hydrants in Service .....	<b>23,474</b>	23,024
Water Production (Million Gallons) ....	<b>42,200</b>	37,077





# Plant Facilities



AS OF MAY 31, 1983 ☐

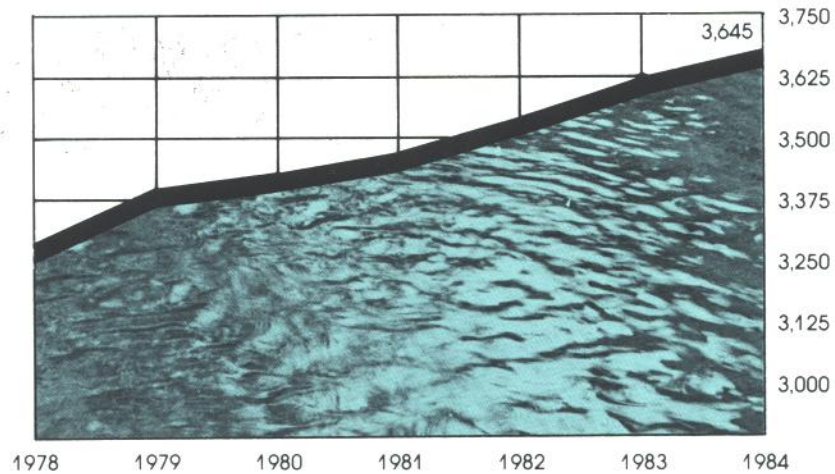
AS OF MAY 31, 1984 ☐

Service Areas or Plants					Pumping Plants				Storage Facilities					
	Active		Wells Inactive		No.		Capacity -1000 Gals. Daily*		No.		Capacity in 1000 Gallons		Active Services	
BABYLON	48	48	8	8	19	19	82,102	82,102	9	9	7,815	7,815	53,383	53,777
BAY SHORE	50	46	7	13	20	20	82,411	77,371	7	7	6,012	6,012	46,693	47,040
EAST HAMPTON	31	31	-	-	17	17	21,636	21,636	4	4	3,720	3,720	10,112	10,349
HUNTINGTON	49	51	4	3	20	21	58,406	62,150	11	11	11,842	11,842	28,239	28,462
PATCHOGUE	64	66	4	5	24	27	106,056	110,088	11	11	11,465	11,465	48,336	50,211
PORT JEFFERSON	68	69	1	1	28	28	108,461	110,333	7	7	7,404	7,404	32,575	33,241
SMITHTOWN	49	48	2	2	20	20	84,514	83,434	6	6	6,100	6,100	22,682	22,995
WESTHAMPTON	23	23	-	-	7	7	16,524	16,524	3	3	2,350	2,350	4,149	4,469
TOTALS	382	382	26	32	155	159	560,110	563,638	58	58	56,708	56,708	246,169	250,544

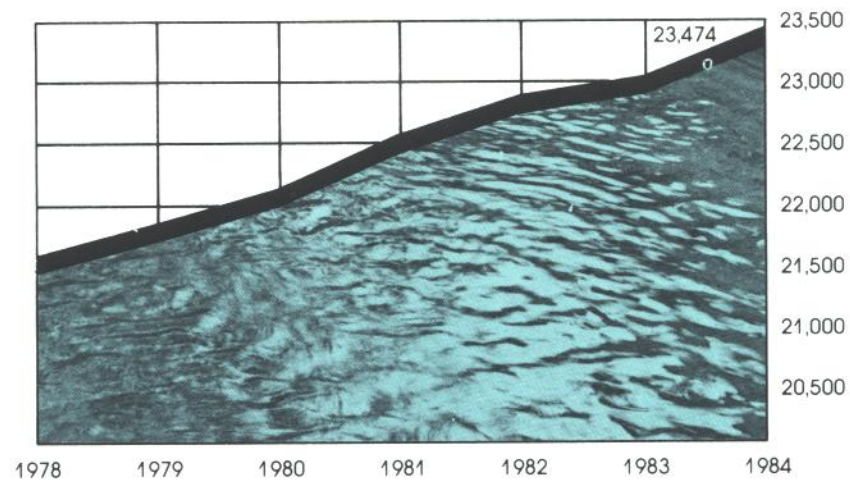
\*Based on 24-hour operation and on actual capacity of pumping equipment for active wells

# Data Collection

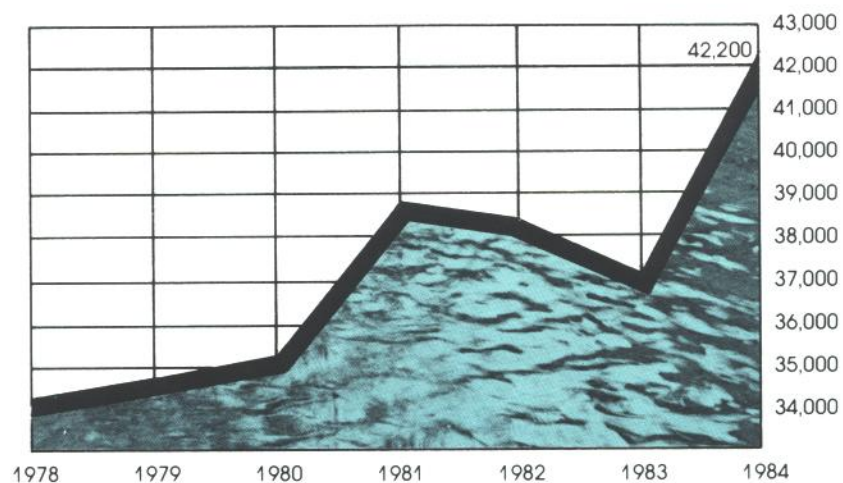
Miles of Main



Fire Hydrants



Water Production  
(Million Gallons)





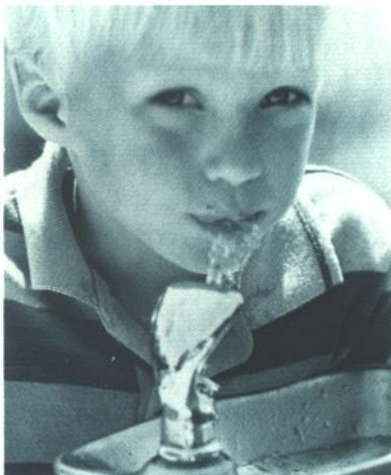
# Keeping Pace

With Suffolk County - 1974/84



	For Fiscal Year Ended May 31		Ten-Year	Percent
	1984	1974	Growth	Increase
<b>STATISTICS</b>				
Customers	250,544	202,464	48,080	24%
Population Served	826,000	709,000	117,000	17%
Miles of Pipelines	3,645	3,066	579	19%
Fire Hydrants	23,474	19,593	3,881	20%
Water Pumped (Million Gallons)	42,200	29,634	12,566	42%
Employees	440	440	-0-	-0-
<b>FINANCIAL</b>				
Gross Revenues	\$ 39,910,000	\$ 17,709,000	\$ 22,201,000	125%
Water Plant at Cost	289,210,000	168,860,000	120,350,000	71%
Bonded Indebtedness	131,009,000	98,636,000	32,373,000	33%
Total Earnings Employed in the Business at the Close of Period	79,977,000	38,642,000	41,335,000	107%





# Water Quality — a Major

Maintaining water quality has become the major challenge facing the water supply industry as the end of the 20th century approaches. Tenets of water purity held for centuries are suddenly subject to re-evaluation as laboratory equipment becomes more sophisticated and more and more contaminants are found in ground water resources which were formerly considered a source of pollution free water.

Water quality has always been a major concern of the Suffolk County Water Authority which has been mindful of its duty to supply our customers water which is as close to pure as possible. As Suffolk's population increases and a larger number of industries locate here, maintaining control over materials discharged into Suffolk's underground water supply is becoming increasingly difficult. In fact, during recent years protecting Long Island's water resources from industrial pollution has become a major problem facing governmental agencies at all levels.

During fiscal 1984, for the first time in its history, the Authority began treating a portion of its supply to insure that the water supplied continues to meet and surpass state and federal drinking water standards. Installed were the first granular activated carbon treatment facilities designed to completely remove

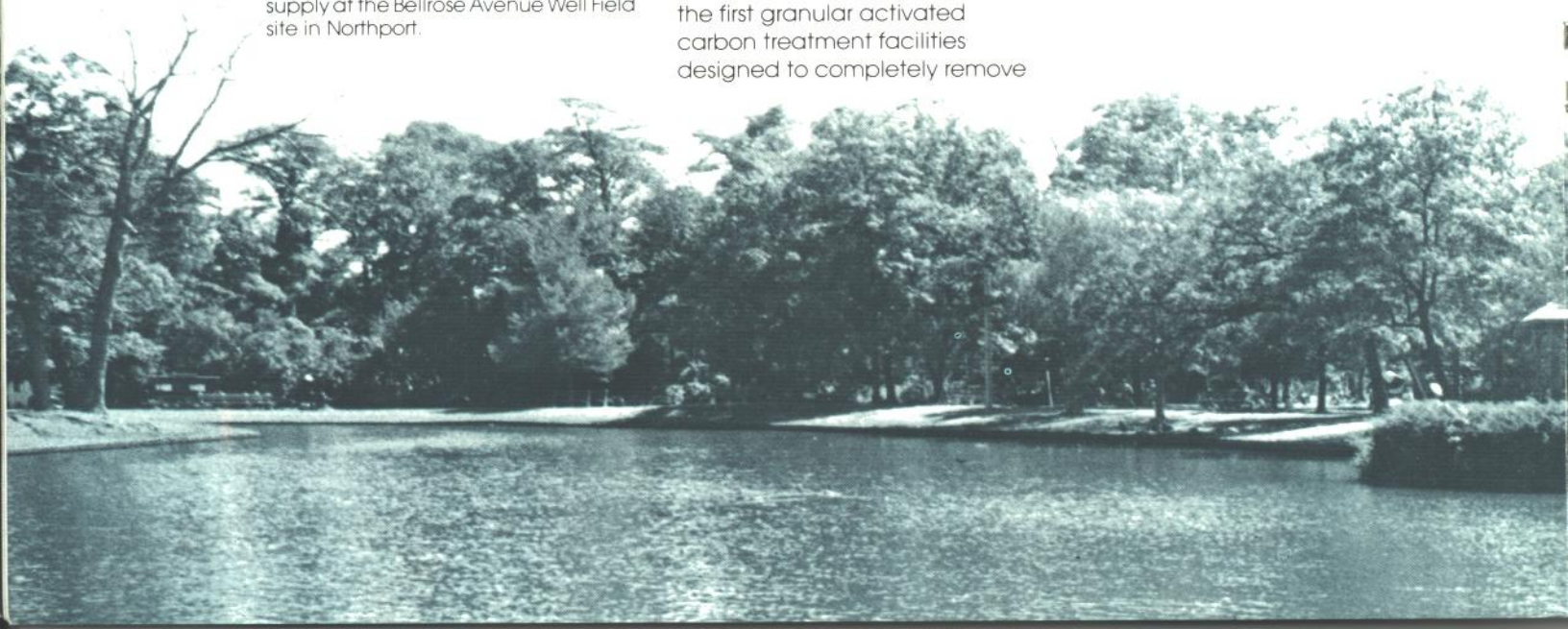
any organic compounds present in the natural water. The carbon plants were installed - one at Long Springs Road well field in Southampton and the other at the Bridgehampton Road well field in Bridgehampton, to enable the Authority to reclaim the lost production capacity of three wells.

You can make some interesting comparisons between diamonds and granular activated carbon — two different forms of the same element. The brilliant, glittering diamond has been cut and polished to look beautiful, but does little else. The granular carbon, not in the least valued for its appearance, has been prepared to make significant contributions to the welfare of humans, in particular its use in public water supplies for effectively removing dissolved organic chemicals from well water — thus eliminating many of the commonly encountered forms of contamination.

Granular activated carbon is produced from bituminous coal which is processed at high temperatures in a controlled atmosphere. Each granule is highly porous. Total inner surface area of these pores is so great that one pound of carbon has a surface area of six football fields. Organic molecules are physically



Finishing touches are applied to building housing electrical controls and well tank of new Air Stripping Plant designed to remove contaminants from water supply at the Bellrose Avenue Well Field site in Northport.





# Concern

absorbed — that is, attracted to and held on the pore walls.

Preliminary results indicate that granular activated carbon treatment is more costly than air stripping since the carbon must be replaced periodically in order that the efficiency of the plant is not impaired. To date the Authority's aim to completely remove any organic compounds present in the water coming from the three wells have been more than satisfied and the plants have been termed a complete success.

Also undertaken during the fiscal period just ended was the installation of the first air stripping plant to be put in service by the Authority. 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 1,100 gallons of water per minute to the air in order to give the organic compounds the needed exposure to the air.

The Authority's first air stripping plant was installed at the Bellrose Avenue Well Field and Pump Station site in Northport at a total cost of \$275,000. The plant is

capable of producing 1,100 gallons of water per minute at up to 97.5 percent efficiency. Designed to remove up to 1,000 parts per billion of organic compounds, the plant features a 72 inch diameter by 26 foot high aluminum packed column. The column has 16 feet of polypropylene packing a total of 730,000 pieces with a total surface area of 28,500 square feet.

In operation, water flows through a bed of packing (16 feet) installed in a vertical column (26 foot aluminum). The packing is made of plastic material and is shaped like a saddle with complex inner vanes. Air is passed, via a fan up through the column in a counter flow to the liquid, exposing the water to air and permitting the evaporation of the volatile organics. The greater flow of air, theoretically, the greater amount of organics can be evaporated. The water then flows into an underground tank and is pumped out into the Authority's distribution system. This type of water purification equipment is currently in use in many parts of

the United States and has been proven very effective in reclaiming water supplies lost due to contamination from organic chemicals.

Operating costs of the air stripping plant have been estimated at \$39,000 per year or about one half the cost for operating an activated charcoal filter plant.



In service at the Long Springs Road Well Field site in Southampton is the first granular activated carbon filter to be utilized by the Authority in removing organic compounds from its water supply.





# 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, 1984 and 1983, 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

Jericho, New York  
August 3, 1984



## Statement of Revenue and Revenue Invested in Facilities

	Year ended May 31,	
	1984	1983
<b>Revenues:</b>		
Operating .....	\$39,910,000	\$36,127,000
Interest .....	3,569,000	2,970,000
Total revenues	43,479,000	39,097,000
<b>Operating expenses:</b>		
Operations .....	19,454,000	17,699,000
Maintenance .....	4,513,000	4,049,000
Total operating expenses, except depreciation deducted below .....	23,967,000	21,748,000
Revenue before interest and depreciation (Note 4) .....	19,512,000	17,349,000
<b>Deduct:</b>		
Interest expense .....	7,117,000	6,576,000
Amortization of debt discount and expense .....	157,000	213,000
Depreciation (Note 1) .....	5,447,000	5,184,000
	12,721,000	11,973,000
<b>Revenue invested in facilities:</b>		
For the year .....	6,791,000	5,376,000
At beginning of year .....	73,186,000	67,810,000
At end of year .....	\$79,977,000	\$73,186,000

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



# Balance Sheet

## Assets

	May 31,	
	1984	1983*
Water Plant, at cost less accumulated depreciation (Note 2) .....	<b>\$242,255,000</b>	\$232,996,000
Funds held by Fiscal agent:		
New construction fund, cash .....	<b>5,662,000</b>	3,215,000
Debt service reserve fund (Note 4) .....	<b>10,988,000</b>	11,133,000
Bond proceeds fund .....		2,868,000
	<b>16,650,000</b>	17,216,000
<b>Current assets:</b>		
Cash (including \$658,000 in 1984 and \$1,799,000 in 1983 in interest bearing accounts) .....	<b>763,000</b>	2,385,000
Bank certificates of deposit and repurchase agreements .....	<b>18,500,000</b>	14,875,000
Additional funds held by Fiscal Agent:		
General fund .....	<b>100,000</b>	100,000
Debt service fund .....	<b>5,893,000</b>	5,319,000
Accounts receivable, less allowance for doubtful accounts of \$357,000 in 1984 and \$414,000 in 1983 .....	<b>2,604,000</b>	3,220,000
Interest and other receivables .....	<b>274,000</b>	176,000
Accrued fire protection revenue .....	<b>957,000</b>	904,000
Materials and supplies, at average cost .....	<b>1,804,000</b>	1,994,000
Prepayments .....	<b>239,000</b>	230,000
<b>Total current assets</b> .....	<b>31,134,000</b>	29,203,000
Deferred charges:		
Unamortized debt discount expense .....	<b>2,725,000</b>	2,856,000
Other .....	<b>152,000</b>	143,000
	<b>2,877,000</b>	2,999,000
	<b>\$292,916,000</b>	\$282,414,000

## Capitalization and liabilities

Capitalization:		
Water Works Revenue Bonds, less current portion (Note 3) .....	<b>\$128,683,000</b>	\$131,011,000
Contributions in aid of construction .....	<b>58,720,000</b>	55,108,000
Revenue invested in facilities .....	<b>79,977,000</b>	73,186,000
<b>Total capitalization</b> .....	<b>267,380,000</b>	259,305,000
Current liabilities:		
Current maturities of Water Works Revenue Bonds (Note 3) .....	<b>2,326,000</b>	2,182,000
Accounts payable .....	<b>693,000</b>	816,000
Accrued interest .....	<b>3,672,000</b>	3,238,000
Accrued retirement contributions .....	<b>4,491,000</b>	4,360,000
Other accrued liabilities .....	<b>2,263,000</b>	2,292,000
Customer deposits .....	<b>2,971,000</b>	2,746,000
<b>Total current liabilities</b> .....	<b>16,416,000</b>	15,634,000
Advances for construction .....	<b>9,120,000</b>	7,475,000
Commitments (Note 5) .....		
	<b>\$292,916,000</b>	\$282,414,000

\*Reclassified, in part, for comparative purposes.

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



# Statement of Changes in Financial Position

	Year ended May 31,	
	1984	1983
Financial resources were provided by:		
Operations:		
Revenue invested in facilities .....	\$ 6,791,000	\$ 5,376,000
Add depreciation and amortization .....	5,604,000	5,397,000
Less capitalized interest .....	(242,000)	(288,000)
Working capital provided from operations .....	12,153,000	10,485,000
Net proceeds from sale of Water Works		
Revenue Bonds .....		15,440,000
Advances and contributions for construction, net of refunds of \$363,000 in 1984 and \$347,000 in 1983 .....	5,258,000	2,443,000
Increase (decrease) in funds held by Fiscal Agent for new construction, debt service reserve and bond proceeds funds .....	566,000	(2,762,000)
	17,977,000	25,606,000
Financial resources were used for:		
Additions to water plant, net of retirements .....	14,464,000	12,344,000
Current maturities and redemptions of Water Works Revenue Bonds .....	2,326,000	2,182,000
Other .....	38,000	(22,000)
	16,828,000	14,504,000
Increase (decrease) in working capital .....	\$1,149,000	\$11,102,000
<b>Changes in Elements of Working Capital</b>		
Increase (decrease) in current assets:		
Cash .....	\$(1,622,000)	\$ 1,935,000
Bank certificates of deposit and repurchase agreements .....	3,625,000	890,000
Additional funds held by Fiscal Agent .....	574,000	199,000
Accounts receivable .....	(616,000)	291,000
Interest and other receivables .....	98,000	(99,000)
Accrued fire protection revenue .....	53,000	136,000
Materials and supplies .....	(190,000)	11,000
Prepayments .....	9,000	3,000
	1,931,000	3,366,000
(Increase) decrease in current liabilities:		
Bond anticipation notes payable .....		8,000,000
Current maturities of Water Works Revenue Bonds .....	(144,000)	(100,000)
Accounts payable .....	123,000	258,000
Accrued interest .....	(434,000)	(101,000)
Accrued retirement contributions .....	(131,000)	(1,000)
Other accrued liabilities .....	29,000	(46,000)
Customer deposits .....	(225,000)	(274,000)
	(782,000)	7,736,000
Increase (decrease) in working capital .....	\$ 1,149,000	\$11,102,000

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





# Notes to Financial Statements May 31, 1984 and 1983

## 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 establishes rates for which it is not required to obtain approval 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

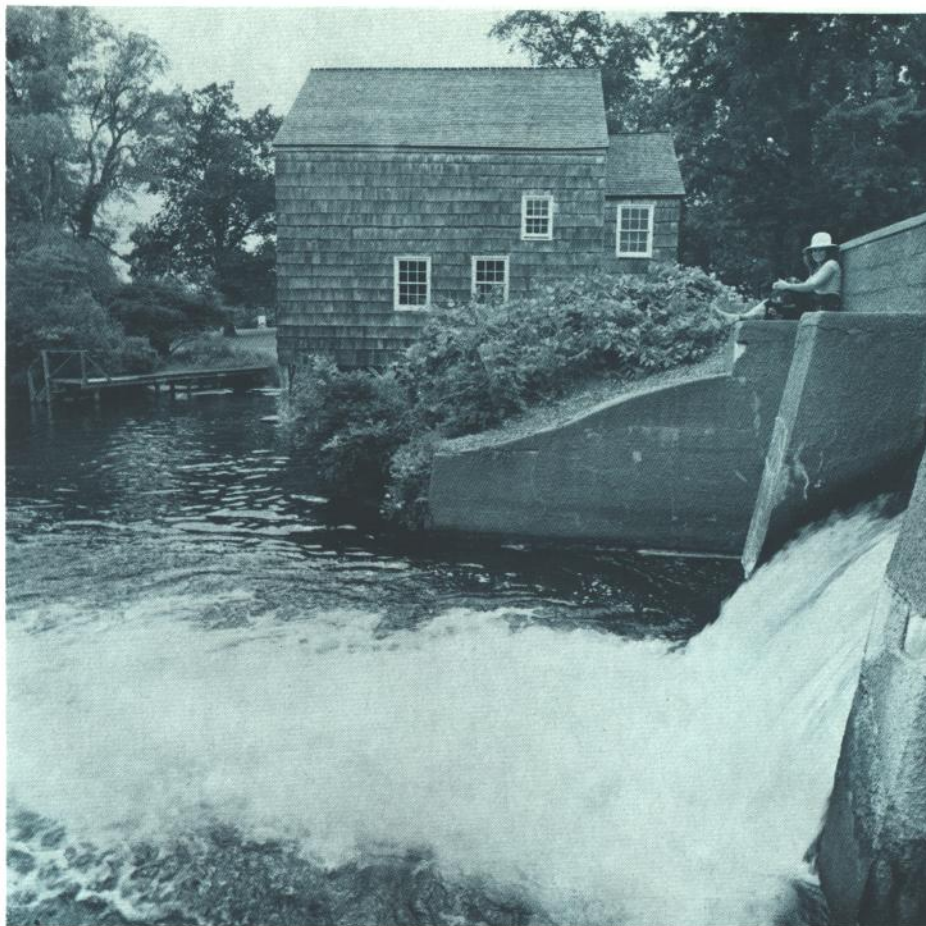
The Authority's Resolution authorizing the bond issues requires that all revenue be deposited in the name of the Fiscal Agent and allocated to specific funds.

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, 1984, the Debt Service Reserve Fund held by the Fiscal Agent was held in certificates of deposit earning 10.05% - 11.05% interest.

### Bank Certificates of Deposit and Repurchase Agreements

At May 31, 1984, the Authority has invested \$18,500,000 of its operating funds in certificates of deposit and repurchase agreements, with interest rates that range from 9.125% to 11.25%, that mature at various dates through October, 1984. 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 \$1,990,000 and \$1,796,000 of which \$585,000 and \$590,000 were capitalized in water plant accounts in 1984 and 1983, 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 (\$2,495,000 - 1984; \$2,298,000 - 1983).

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 1983 and 1982 fiscal years, the Authority adopted resolutions to refund deposits received prior to June 1, 1981 and June 1, 1980, respectively, from residential customers who have had a good payment history. Accordingly, \$255,000 and \$250,000 was authorized to be refunded to customers under these resolutions in 1984 and 1983. Actual refunds paid under these resolutions were \$94,000 and \$111,000, respectively.



## Note 2 - Water Plant:

	May 31,	
	1984	1983
Land and land rights .....	\$ 6,017,000	\$ 5,961,000
Wells, reservoirs and structures .....	47,892,000	46,466,000
Pumping and purification equipment .....	14,252,000	13,529,000
Distribution systems .....	202,062,000	192,589,000
Other .....	4,090,000	3,566,000
Water plant, in service .....	274,313,000	262,111,000
Construction in progress .....	14,897,000	12,646,000
Water plant, at cost .....	289,210,00	274,757,000
Less - Accumulated depreciation .....	46,955,000	41,761,000
Net water plant .....	\$242,255,000	\$232,996,000

## Note 3 - Water Works Revenue Bonds:

			May 31,	
			1984	1983
Series	Interest Rate	Final Maturity Date		
A .....	2.75%	1984	\$ 235,000	\$ 339,000
A (Term) .....	2.75%	1985	329,000	584,000
B-D .....	3.50%	1988	530,000	625,000
F .....	4.10-4.50%	1998	4,675,000	4,730,000
G .....	4.00-4.10%	2000	3,840,000	3,890,000
H .....	3.25-3.40%	2001	4,875,000	4,915,000
I .....	3.25-3.50%	2002	11,400,000	11,800,000
J .....	0.10-4.00%	2002	10,260,000	10,615,000
K .....	4.10-4.50%	2002	8,830,000	9,110,000
L .....	5.00-8.00%	2003	9,010,000	9,220,000
M .....	6.25-6.50%	2005	6,000,000	6,000,000
N .....	5.00-6.50%	2006	9,330,000	9,430,000
O .....	5.50-7.00%	2007	12,450,000	12,520,000
Q .....	5.75-7.25%	2008	12,055,000	12,155,000
R .....	5.50-7.00%	2010	15,190,000	15,260,000
S .....	7.875%	2010	6,000,000	6,000,000
T .....	9.10%	2011	16,000,000	16,000,000
Total Bonds Outstanding			131,009,000	133,193,000
Less: Current Maturities and Redemptions .....			2,326,000	2,182,000
			\$128,683,000	\$131,011,000

The Authority's debt consists principally of serial bonds which usually mature in increasing annual installments, except that \$329,000 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
1985 .....	\$ 2,326,000
1986 .....	2,433,000
1987 .....	2,545,000
1988 .....	2,665,000
1989 .....	2,790,000
	<u>\$12,759,000</u>

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 \$8,000,000 of bond anticipation notes issued on April 15, 1982.

## Note 4 - Debt Service Requirements:

As prescribed in the Authority's Resolution, a minimum Debt Service 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 \$10,988,000 at May 31, 1984.

Debt service requirements for the payment of interest and principal on outstanding bonds at May 31, 1984 approximate \$9,693,000 in each of the next five years. Revenue before interest and depreciation was equivalent to 2.01 times (1.92 in 1983) the debt service requirement for the year ended May 31, 1984.

## Note 5 - Commitments:

The Authority authorized a capital improvement construction budget for the fiscal year ending May 31, 1985 of approximately \$18,300,000. A substantial portion of this amount has been committed at May 31, 1984.

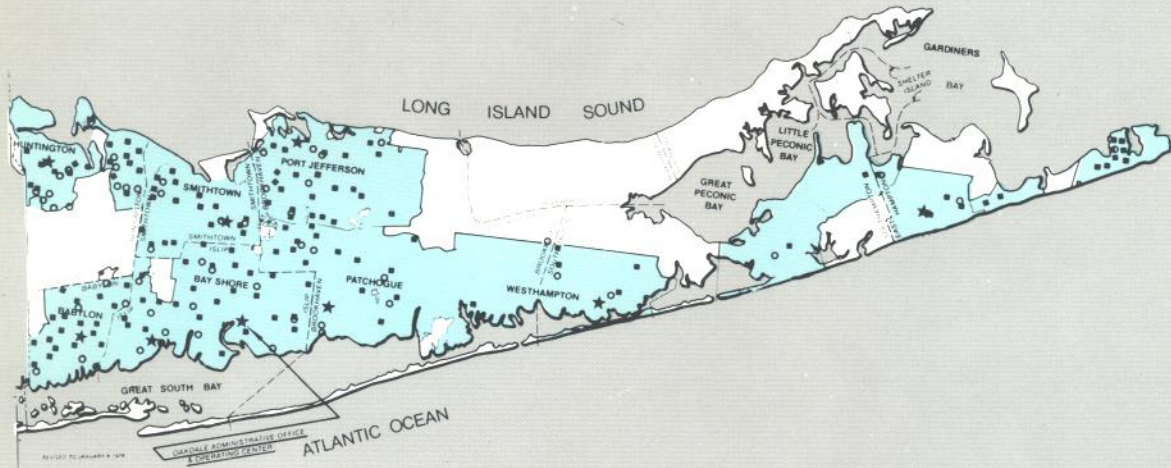
## Note 6 - Litigation:

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.

All discovery proceedings have been completed and the matter is set for trial on September 4, 1984. 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



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

## BABYLON DISTRICT

Amity Harbor  
 Amityville  
 Babylon  
 Copiague  
 Deer Park  
 Dix Hills  
 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  
 Shirley  
 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\*  
 Strongs Neck  
 Terryville

## SMITHTOWN DISTRICT

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

## WESTHAMPTON DISTRICT

Center Moriches  
 East Moriches  
 Eastport  
 East Quogue  
 Moriches  
 South Manor  
 Quogue  
 Quogue  
 Westhampton  
 Westhampton Beach

\* — Included in Wholesale Water District



# Suffolk County Water Authority

Oakdale, Long Island, N.Y. 11769

SCWA