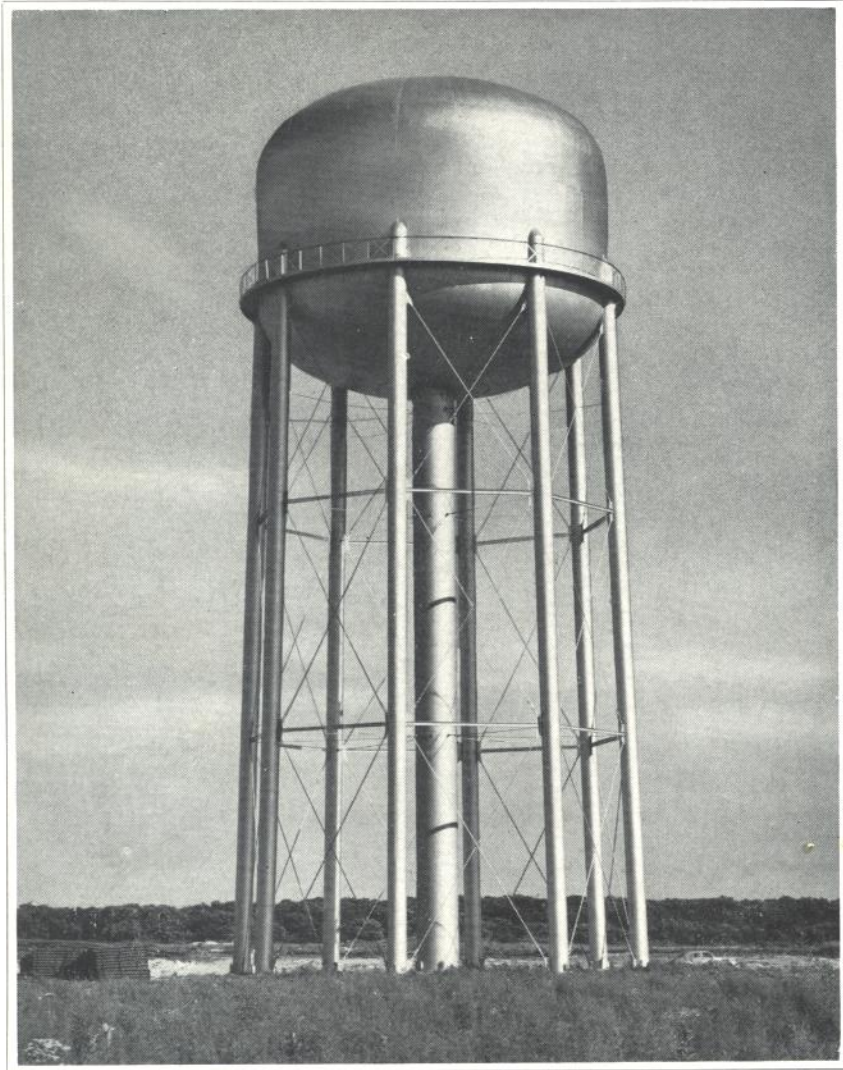


# *Annual Report*

FOR THE YEAR ENDED MAY 31,

*1953*



## *Suffolk County*

WATER AUTHORITY

# Suffolk County Water Authority

BRIGHTWATERS, N. Y.

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## AUTHORITY MEMBERS

FRANKLIN S. KOONS, *Chairman*

HARRY PAUL FISHEL, *Secretary*

CARLL S. BURR, JR., *Treasurer*

T. BAYLES MINUSE

CHARLES W. FRIEMAN

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N. F. FENN . . . . .	<i>General Manager</i>
HOMER F. GARDNER . . . . .	<i>Chief Engineer</i>
DAVID L. GLICKMAN . . . . .	<i>Counsel</i>
J. LEONARD NEWMAN . . . . .	<i>Chief Accountant</i>
ROBERT C. WHEELER . . . . .	<i>Consulting Engineer</i>
STONE & WEBSTER ENGINEERING CORPORATION, New York . . . . .	<i>Advisory Engineer</i>
UNITED STATES TRUST COMPANY OF NEW YORK . . . . .	<i>Fiscal Agent</i>

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## PICTURED ON THE COVER IS AN ELEVATED STORAGE TANK

The Authority has awarded a contract to the Chicago Bridge and Iron Company for the erection of this 500,000 gallon tank to serve the Bay Shore area. This additional storage capacity will provide better service during peak demand and for fire protection.



## *Facts About the*

# **SUFFOLK COUNTY WATER AUTHORITY**

The Suffolk County Water Authority is a public benefit corporation operating by virtue of the provisions of the Public Authorities Law of the State of New York. The Authority is empowered to survey the water resources of the county and prepare plans for their development, subject to the approval of the State Water Power and Control Commission, and to acquire, construct, develop and operate a public water supply system in Suffolk County.

The Authority consists of five (5) Members, who are required to be residents of Suffolk County and are appointed by the County Board of Supervisors for five (5) year terms and the office of one Member expires each year. The Chairman of the Authority is also appointed by the County Board of Supervisors. The Members serve without compensation but are allowed actual expenses.

The Authority has no power to levy any taxes and in this respect differs from municipal corporations which have taxing powers. It is permitted to issue Revenue Bonds pledging the revenues received by the Authority to secure payment of the bonds. The moneys available for capital improvements are limited to the following sources: (1) Surplus cash balance available after payment of all operating expenses and debt service requirements; (2) The issuance of additional bonds, the amount of which is limited by the net revenues of the Authority as provided in the Bond Resolution. Neither the State, County, or municipalities are liable on the bonds which are only payable out of funds of the Authority.

The Members have the right to establish rates, rules and regulations for the administration of the business. Water bills do not constitute a lien against the real property of the consumer as in the case of municipalities and municipal water districts. The bonds and property of the Authority are exempt from taxation. In the event that all of the liabilities of the Authority have been met and its bonds paid in full, title to the properties passes to the County of Suffolk, free and clear of any obligations.

The Authority acquired by condemnation the properties of the South Bay Consolidated Water Company, Inc. on May 31, 1951 and the Huntington, Babylon, Sag Harbor properties of the New York Water Service Corporation on February 27, 1953. It provides service to over 38,000 customers, representing an estimated population of 135,000 people or about forty percent of the County population. It maintains in service over 665 miles of pipe lines and 4,700 fire hydrants.

The water furnished its customers is obtained from wells ranging in depth from 50 to 300 feet and is treated as required before it is delivered to the system. Bacteriological analyses of the water are made regularly at a laboratory under the supervision of a Sanitary Engineer, thereby assuring a continuous supply of safe and dependable water. The water supplies are also periodically tested by the Suffolk County Health Department.

The revenues received by the Authority are all deposited in the name of the Fiscal Agent in accordance with the Resolutions under which the bonds to acquire the properties were issued and such revenues are paid out by the Fiscal Agent for operating and administrative expenses of the Authority, to service the debt and to extend the facilities of the Authority as authorized by the Members.

The administrative offices of the Authority are located at Brightwaters. There are eight commercial offices, operated under the direction of local managers, serving the larger communities in the County. The Construction-Maintenance Department is situated at Fifth Avenue, Bay Shore, where materials, equipment and personnel are always available for emergency work. A completely equipped meter shop is also located there for testing and repairing water meters for all the properties of the Authority.

# *The* **SUFFOLK COUNTY WATER AUTHORITY** *Reports*

## *For the year ended May 31st, 1953*

This constitutes the second annual statement by the Authority for the properties of the South Bay Consolidated Water Co. Inc. acquired by condemnation on May 31, 1951 and the first statement for the Huntington, Babylon, Sag Harbor properties of the New York Water Service Corporation acquired by condemnation on February 27, 1953. The fiscal year for both Divisions ends on May 31, 1953.

The balance sheets and statements of earnings for the respective Divisions, included in this report, have been certified by Price Waterhouse & Co. of New York, under date August 28, 1953. In accordance with the terms of the respective bond resolutions, separate books are maintained for each Division.

Operating revenue for the year for the South Bay Division increased to \$901,870 compared to \$836,401 during the preceding year. Net earnings for this Division, after allowance for depreciation on the properties in amount of \$100,960 were \$140,590 compared to \$87,356 the preceding year. Earnings invested in the business for this Division at the close of the two year period ending May 31, 1953, amounted to \$227,946.

The operating revenue for the first three months of operation of the Huntington-Babylon-Sag Harbor Division, ending May 31, 1953, amounted to \$121,915 and the net earnings for this Division after allowance for depreciation on the properties in the amount of \$13,624 were \$10,556.

It is noteworthy that the rate of interest on the bonds of the South Bay Division decreased from  $3\frac{3}{4}\%$  to  $2\frac{3}{4}\%$  on June 1, 1953.

## **PROPERTIES**

During the year the Authority spent a total of \$556,750 for all capital improvements for the South Bay Division, including mains constructed under terms of refunding contracts with developers, as compared to \$442,412 spent during the preceding year. During the first three months ending May 31, 1953 of operation of the Huntington-Babylon-Sag Harbor Division \$104,533 was spent on capital improvements, including mains constructed under the terms of refunding contracts with developers.

During the year over 1880 new services, 56 fire hydrants and 14.6 miles of pipe lines were constructed for the South Bay Division. The addition of such facilities during the current year was substantially ahead of the preceding year and was principally due to the rapid expansion of housing developments in many of the communities served by the Authority.

New wells and pumps were installed at Bay Shore, Oakdale and Bayport plants, a new well at Westhampton and two new pump units at the Bellport station, all plants of the South Bay Division.





*Typical pump station structure  
housing well and automatic equipment.*

Following the acquisition of the Huntington-Babylon-Sag Harbor properties of New York Water Service Corporation on February 27, 1953, work was expedited on a plant improvement program, part of which was initiated by New York Water Service Corporation. A new well and pump unit, having a capacity of 750 gallons per minute was completed at the Smith St. station, Babylon and two wells were replaced at the West Babylon station. Additional transmission mains were constructed for better distribution of water in the Village of Babylon. An electric motor driven pump unit, having a capacity of 1400 gallons per minute was installed at the Mill Street station, Huntington and an 8 inch transmission main, was constructed to the Cold Spring Harbor station. Reinforcing mains, to provide better fire protection were constructed in the Village of Sag Harbor.

The approximate cost of all these additions to plant and equipment, for both Divisions, which were placed in service before July 1st, 1953 was \$175,000.

## **RATES AND REGULATIONS**

The Authority made no change in its water rates during the past year and is continuing the same rates for the Huntington-Babylon-Sag Harbor Division as were in effect upon acquisition of the properties.

A study was made of all of the minimum charges and the Authority adopted a uniform quarterly minimum charge for service to all of the communities it serves in the County. The new minimum charge for service through an ordinary house meter is \$4.95 per quarter and was effective on all bills rendered after May 31, 1953. Uniform minimum charges were also established for larger size meters for all plants. The new minimum charge resulted in a reduction in some communities and an increase in others, but on balance will provide some additional net income. The new minimum charge is less than the average minimum in effect for private water companies on Long Island.

## CONSTRUCTION PROGRAM FOR 1953-54

Engineering studies were made to determine additions and betterments required for each Division for the fiscal year beginning June 1, 1953. The Authority adopted a construction budget for the South Bay Division in the amount of \$415,000. Provision is made in this budget for the following major improvements:

Amityville	New source of supply including pumping station and treatment plant.
Bay Shore	Erection of a 500,000 gallon steel elevated storage tank in the Bay Shore area and installation of 2 additional wells.
Central Islip	New source of supply and pumping station.
Kings Park	Additional well and pump unit at present plant.
Port Jefferson	Construct new building on West Broadway to house pumping equipment and commercial office.
Smithtown	Additional well and pump unit at present plant to double capacity.
Southampton	Replace existing well and pump unit.

A construction budget for the Huntington-Babylon-Sag Harbor Division was approved in the amount of \$401,565 and includes the following major improvements:

Babylon	Construction of a new pumping station in North Babylon.
Huntington	Improvements to the transmission system and installation of 2 additional wells.
Sag Harbor	Construction of a new well, pump, vault and controls.

Studies are being made to determine plant improvements that may be required in the future at other communities. It is anticipated that all of the above improvements will be in service before the peak load period of the summer of 1954.

## FINANCIAL

Capital for construction in the amount of \$535,000 for the Huntington-Babylon-Sag Harbor Division was provided in the bond issue of \$5,400,000 sold when the properties were acquired on February 27, 1953. However, additional financing will be required for the construction program for the South Bay Division. It is proposed to finance construction partly from net earnings and the balance by the issuance of short term bank loans to be subsequently refunded by the sale of bonds. Such financing is limited by the provisions of the bond resolution adopted May 21, 1951 relating to the South Bay Division. An amendment to this Resolution has been submitted to the bondholders to authorize the Authority to issue additional bonds, ranking on a parity with the bonds of Series A, upon compliance with a formula which is based upon average net revenues in the two 12 months' periods immediately prior to the date of the adoption of the Supplemental Resolution, in lieu of three 12 months' periods as stipulated in the Resolution. Because of the rapid growth of the service area of the water works properties, the revenues of which are pledged for the payment of such Series A Bonds, and the annual increase in the revenues resulting therefrom, this provision of the Resolution, in the opinion of the Authority and the Advisory Engineers, has become unrealistic and unreasonably prevents the Authority from making extensions to such water works properties which are urgently needed and



which, in the opinion of the Authority and the Advisory Engineers, would produce additional net revenues which would materially improve the security of the holders of the Series A Bonds. The Authority and Stone & Webster Engineering Corporation, the Advisory Engineers of the Authority, are of the opinion that it is to the mutual interest of the Authority and the holders of the Series A Bonds to amend the Resolution of May 31, 1951 so as to authorize the issuance of additional bonds under the same formula prescribed by such Resolution, except that the formula shall be based upon the average of the net revenues during the two 12 months' periods immediately prior to the issuance of the additional bonds.

An additional amendment to this Resolution has been requested of the bondholders to require the Fiscal Agent to pay into the General Fund, surplus revenues at the end of each month instead of at the end of each Bond Year. The effect of this provision is to make these moneys available to the Authority monthly for improvements to the water works properties, for the retirement of bonds, or for any other lawful purpose of the Authority.

## GENERAL

The outlook for business for the current year in the communities served by the Authority is excellent. A prolonged drought was experienced during July, August and September which tremendously increased the use of water. The pumping equipment of the Authority has been operated at or near capacity for most of this period. The peak demand for service during the drought was at the rate of over two and one-half times the average daily usage of water during the past year. This has resulted in a substantial increase in operating revenues. Building activity in the territory served by the Authority has continued at a rapid pace and new services are being added to the system at a greater rate than last year. Construction loan contracts for which substantial amounts have been advanced by housing developers have recently been executed and the pipe line construction program in progress is more extensive than at this time last year.

The Authority has set up its own Engineering Department at its administrative offices at Brightwaters, L. I. It acquired from the New York Water Service Corporation a completely equipped meter testing shop for testing and repairing water meters for all its properties. Its 38,000 services are 100% metered.

The Authority entered into a new contract for a term of one year from June 17th, 1953 for all of its Union employees at increased wage rates and comparable increases were granted to non-Union employees and the management staff. These wage rates are in line with other water utilities on Long Island.

The Members of the Authority take this opportunity to express their appreciation of the loyal manner in which the employees and the supervisory staff have discharged their duties during the year.

For the Members of the Authority,

*Franklin J. Koons*  
Chairman

Brightwaters, L. I.  
Sept. 30th, 1953.

# SUFFOLK COUNTY

Balance Sheet

ASSETS	South Bay Division	Huntington- Babylon- Sag Harbor Division	Combined
WATER PLANT, at cost.....	\$8,303,091.00	\$4,278,754.44	\$12,581,845.44
FUNDS HELD BY FISCAL AGENT (principally invested in U. S. Government securities) (Note A):			
New construction fund.....		\$ 430,500.00	\$ 430,500.00
Debt service reserve fund.....	\$ 393,415.00	280,625.00	674,040.00
	\$ 393,415.00	\$ 711,125.00	\$ 1,104,540.00
CURRENT AND WORKING ASSETS:			
Cash in banks and on hand (Note B).....	\$ 294,751.94	\$ 117,371.64	\$ 412,123.58
Funds held by Fiscal Agent (Note A):			
General fund .....	31,199.63	122,654.70	153,854.33
Debt service fund.....	150,000.00	110,656.25	260,656.25
Customers accounts receivable.....	47,575.12	48,233.59	95,808.71
Less—Estimated doubtful accounts.....	(1,959.23)	(163.62)	(2,122.85)
Other accounts receivable.....	5,473.39	17,035.01	22,508.40
Accrued revenue .....	103,831.82	36,593.06	140,424.88
Interdivisional current accounts.....	6,907.92	(6,907.92)	—
Materials and supplies, at cost.....	122,192.91	46,448.14	168,641.05
Prepayments .....	605.89	—	605.89
	\$ 760,579.39	\$ 491,920.85	\$ 1,252,500.24
DEFERRED CHARGES:			
Unamortized debt discount and expense.....	\$ 47,009.67	\$ 77,196.32	\$ 124,205.99
Preliminary surveys and investigations.....	4,464.22		4,464.22
Other .....	389.00	13,830.59	14,219.59
	\$ 51,862.89	\$ 91,026.91	\$ 142,889.80
	\$9,508,948.28	\$5,572,827.20	\$15,081,775.48

## NOTES TO FIN

### NOTE A:

The Series A bonds of the South Bay Division are dated June 1, 1951 and are payable as to principal and interest only out of revenues of properties operated by that division. Of the principal amount of bonds, \$5,000,000 mature serially from 1955 through 1984 in annual amounts which begin at \$115,000 for the first year and increase to \$235,000 for the last year and the remaining \$3,000,000 matures in 1985; the bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 103% after June 1, 1975. The bonds bear interest at an annual rate of 3¾% to June 1, 1953 and 2¾% thereafter.

The Series A bonds of the Huntington-Babylon-Sag Harbor Division are dated December 1, 1952 and are payable as to principal and interest only out of revenues of properties operated by that division. The bonds mature serially from 1955 through 1985 in annual amounts which begin at \$80,000 for the first year and increase to \$265,000 for the last year. The bonds bear interest at the following annual rates: (a) \$940,000 principal amount of bonds maturing 1955 to 1962 at 3¾%



# WATER AUTHORITY

May 31, 1953

<u>LIABILITIES</u>	<u>South Bay Division</u>	<u>Huntington- Babylon- Sag Harbor Division</u>	<u>Combined</u>
WATER WORKS REVENUE BONDS, SERIES A (Note A)....	\$8,000,000.00	\$5,400,000.00	\$13,400,000.00
CURRENT LIABILITIES:			
Accounts payable .....	\$ 76,254.79	\$ 34,842.24	\$ 111,097.03
Accrued bond interest.....	150,000.00	110,656.25	260,656.25
Other accrued liabilities.....	20,464.41	6,603.33	27,067.74
Customers' deposits .....	141,471.46	65,496.81	206,968.27
	\$ 388,190.66	\$ 217,598.63	\$ 605,789.29
INTERDIVISIONAL ADVANCE ACCOUNTS.....	\$ 170,000.00	(\$ 170,000.00)	—
ADVANCES FOR CONSTRUCTION.....	\$ 515,512.97	\$ 70,413.06	\$ 585,926.03
UNEARNED REVENUE .....	\$ 40,173.55	\$ 30,643.34	\$ 70,816.89
RESERVE FOR DEPRECIATION OF WATER PLANT.....	\$ 167,124.67	\$ 13,616.20	\$ 180,740.87
EARNINGS EMPLOYED IN THE BUSINESS, per accom- panying statement .....	\$ 227,946.43	\$ 10,555.97	\$ 238,502.40
	\$9,508,948.28	\$5,572,827.20	\$15,081,775.48

## FINANCIAL STATEMENTS

to December 1, 1954 and 2¾% thereafter, (b) \$1,395,000 principal amount of bonds maturing 1963 to 1971 at 4% to December 1, 1954 and 3% thereafter, and (c) \$3,065,000 principal amount of bonds maturing 1972 to 1985 at 4¼% to December 1, 1954 and 3¼% thereafter. The bonds are redeemable in the inverse order of their maturity at prices varying from 105% to June 1, 1960 to 102% after June 1, 1981.

The Authority's resolutions authorizing the bond issues require that all revenues be deposited in the name of the Fiscal Agent and allocated to specified funds.

### NOTE B:

Approximately \$275,000 of the amount shown as cash in banks and on hand represents moneys received from the Fiscal Agent and from housing developers to be used solely for new construction.

# SUFFOLK COUNTY WATER AUTHORITY

## Statements of Earnings For The Periods Ended May 31, 1953

(With comparative figures for South Bay Division for  
twelve months ended May 31, 1952)

<u>South Bay Division</u>		<u>South Bay Division</u>	<u>Huntington- Babylon- Sag Harbor Division</u>	<u>Combined</u>
<u>Twelve months ended May 31, 1952</u>		<u>Twelve months ended May 31, 1953</u>	<u>Three months ended May 31, 1953</u>	
\$836,401.10	Operating revenue .....	\$901,869.98	\$121,914.62	\$1,023,784.60
	Operating expenses:			
\$293,758.49	Operation .....	\$300,043.65	\$ 34,475.24	\$ 334,518.89
48,412.12	Maintenance .....	56,840.08	6,079.49	62,919.57
<u>\$342,170.61</u>		<u>\$356,883.73</u>	<u>\$ 40,554.73</u>	<u>\$ 397,438.46</u>
\$494,230.49	Operating income before deprecia- tion .....	\$544,986.25	\$ 81,359.89	\$ 626,346.14
101,865.43	Depreciation .....	100,959.87	13,624.35	114,584.22
<u>\$392,365.06</u>	Operating income .....	<u>\$444,026.38</u>	<u>\$ 67,735.54</u>	<u>\$ 511,761.92</u>
93.75	Other income .....	1,144.12	3,613.95	4,758.07
<u>\$392,458.81</u>	Gross income .....	<u>\$445,170.50</u>	<u>\$ 71,349.49</u>	<u>\$ 516,519.99</u>
	Income deductions:			
\$300,000.00	Interest on bonds (Note A) .....	\$300,000.00	\$ 59,630.07	\$ 359,630.07
3,586.05	Interest on customers' deposits .....	3,063.95	558.76	3,622.71
1,516.44	Amortization of debt discount and ex- pense .....	1,516.44	604.69	2,121.13
<u>\$305,102.49</u>		<u>\$304,580.39</u>	<u>\$ 60,793.52</u>	<u>\$ 365,373.91</u>
<u>\$ 87,356.32</u>	Net earnings .....	<u>\$140,590.11</u>	<u>\$ 10,555.97</u>	<u>\$ 151,146.08</u>
—	Earnings employed in the business at beginning of period .....	87,356.32	—	87,356.32
<u>\$ 87,356.32</u>	Earnings employed in the business at close of period, per balance sheet .....	<u>\$227,946.43</u>	<u>\$ 10,555.97</u>	<u>\$ 238,502.40</u>

(See notes to financial statements)



## Opinion of Independent Accountants

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*To the Members of*  
SUFFOLK COUNTY WATER AUTHORITY

In our opinion, the accompanying balance sheets and related statements of earnings of Suffolk County Water Authority present fairly the financial position of the South Bay Division, the Huntington-Babylon-Sag Harbor Division and the Authority at May 31, 1953, and their results of operations for the respective twelve-month or three-month periods then ended, in conformity with generally accepted accounting principles consistently applied. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.,

New York, N. Y.  
August 28, 1953.

# SUFFOLK COUNTY WATER AUTHORITY

*Publicly Owned For Public Service*

## COMMUNITIES SERVED BY OUR OPERATING DISTRICTS

### Amityville

Retail:

Amityville  
Copiague

Wholesale:

Amity Harbor‡

### Babylon\*

Babylon  
Lindenhurst  
North Babylon  
West Babylon

### Bay Shore

Bay Shore  
Brightwaters  
Central Islip  
East Islip  
Great River  
Islip Manor  
Islip Terrace  
Oakdale  
West Islip

### Huntington\*

Centerport  
Cold Spring Harbor  
Halesite  
Huntington  
Huntington Bay  
Huntington Station  
Lloyd Harbor

### Kings Park

Retail:

Kings Park

Wholesale:

Smithtown‡

### Patchogue

Bayport  
Bellport  
Blue Point  
Bohemia  
Patchogue  
Sayville  
West Sayville

### Port Jefferson

Retail:

East Setauket  
Poquot  
Port Jefferson  
Port Jefferson  
Station

Wholesale:

Stony Brook‡

### Sag Harbor\*

North Haven  
Sag Harbor

### Smithtown

Retail:

Head-of-the-  
Harbor  
Smithtown  
Smithtown  
Branch

Wholesale:

St. James‡

### Southampton

Southampton

### Westhampton Beach

East Quogue  
Quogue  
Quogue  
Westhampton  
Westhampton Beach

\* Huntington-Babylon-Sag Harbor Division.

‡ Water Districts.



# COMPARATIVE STATISTICS AS OF MAY 31, 1953

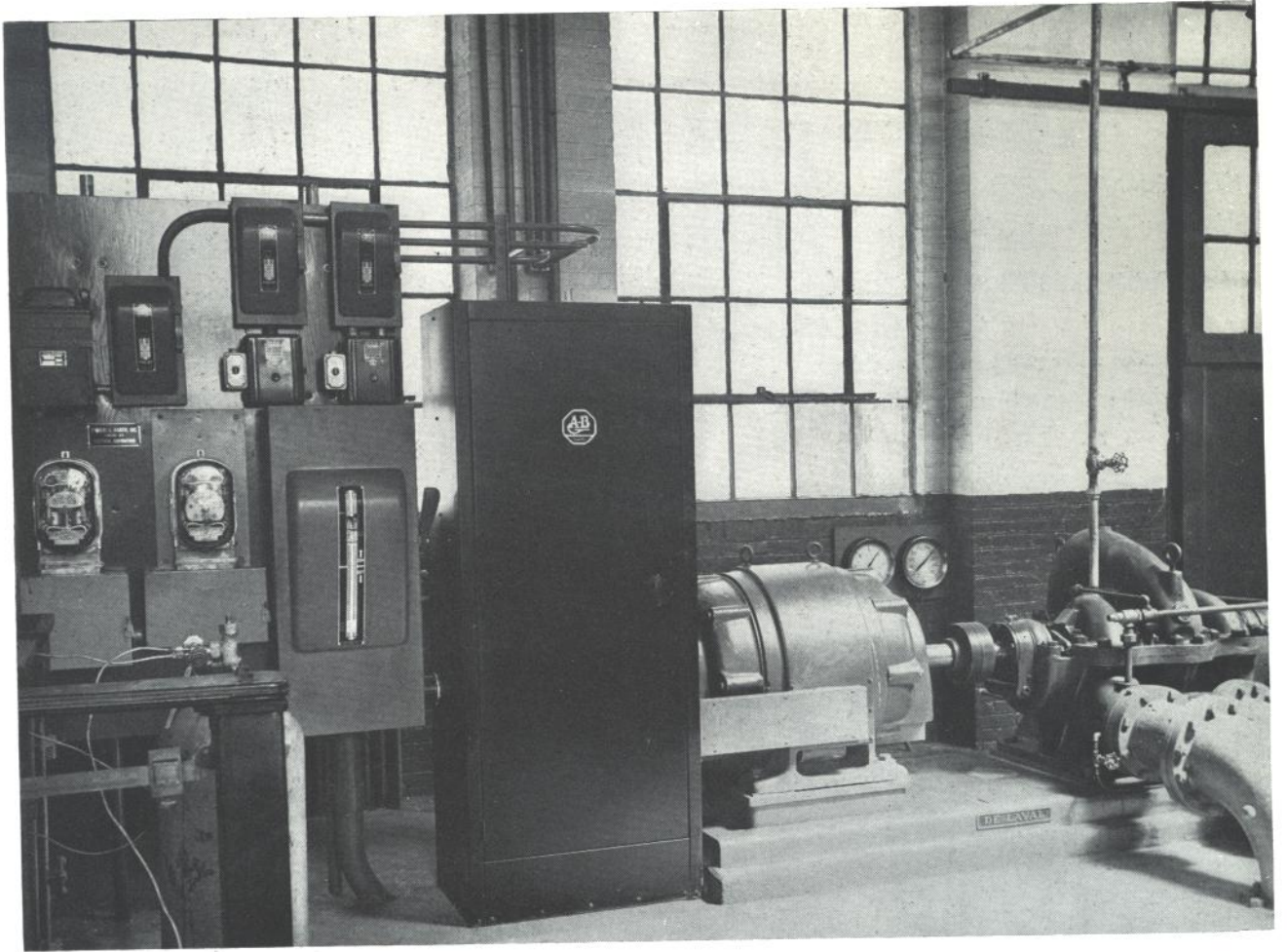
	<u>South Bay Division</u>		<u>Huntington- Babylon- Sag Harbor Division</u>	<u>Combined For Authority</u>
	<u>1953</u>	<u>Increase Over 1952</u>		
ACTIVE SERVICES .....	24,216	1,881	13,231	37,447
METERS IN SERVICE.....	24,707	1,904	13,583	38,290
PUBLIC & PRIVATE FIRE HYDRANTS.....	3,283	56	1,428	4,711
DELIVERED TO SYSTEM (Million Gallons) (12 Mos.).....	1,901*	146	991.**	2,892
MILES OF MAINS IN SERVICE.....	433.	15.	233.	666.

\* Includes water purchased from Others.

\*\* Excludes water sold to South Bay Division.

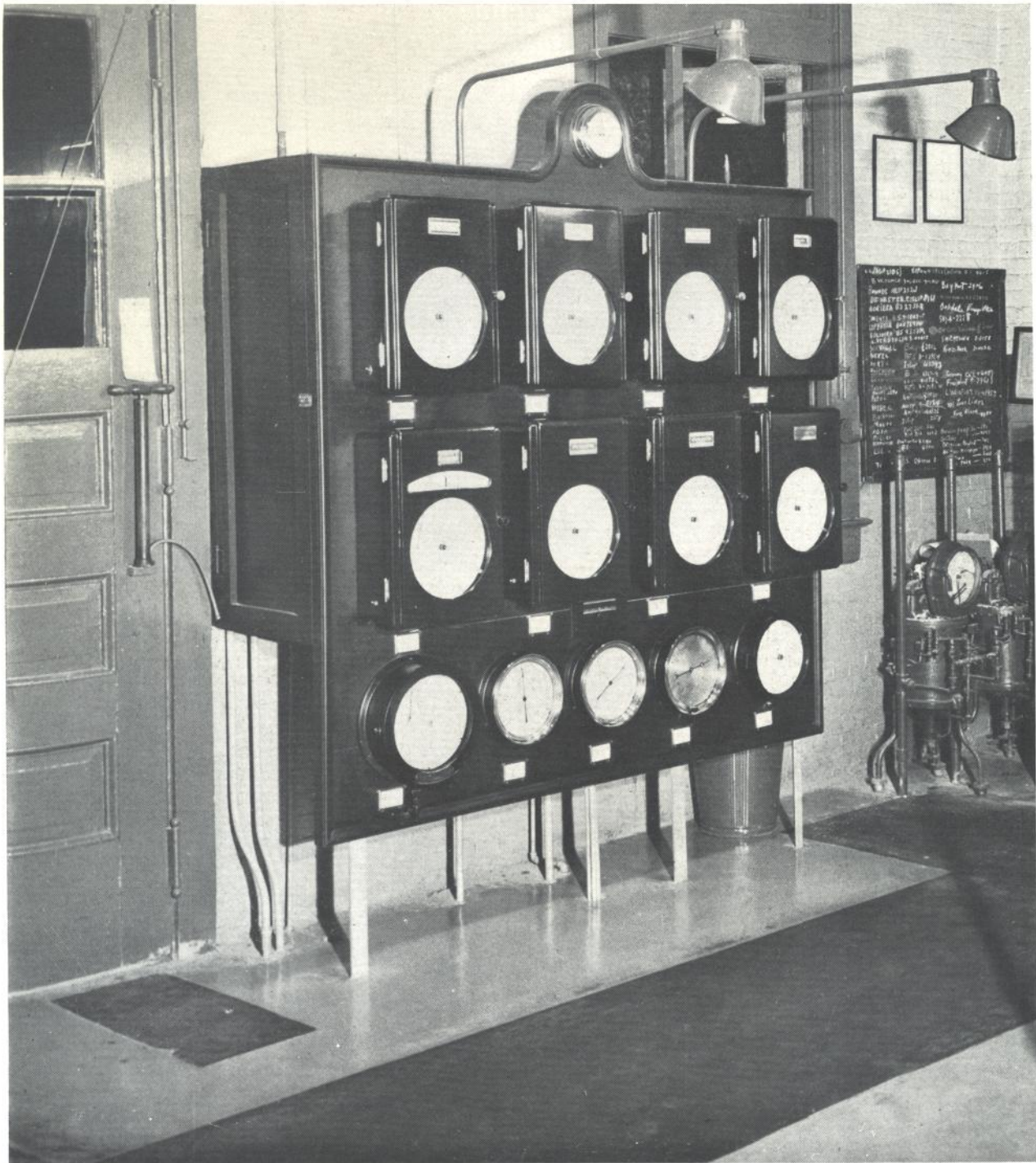


*One of the New Utility Truck Units Recently Acquired to Serve the Public.*



*The New 1400 Gallon Per Minute Electric Motor Driven Pump Unit and Controls Placed in Service at the Mill Street Station, Huntington in June, 1953.*





*Central Control Panel at Bay Shore Station. Continuous Pressure Records from Outlying Automatic Pump Stations Are Maintained Here, Enabling Operators on Duty to Constantly Check Pressure Conditions at These Localities.*

