

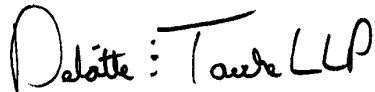
INDEPENDENT AUDITORS' REPORT

To the Members of the Joint Audit Committee of
New York City Municipal Water Finance Authority
and New York City Water Board
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business-type activities of the New York City Municipal Water Finance Authority and the New York City Water Board, which collectively comprise the New York City Water and Sewer System (the "System"), a component unit of The City of New York, New York, as of June 30, 2012 and have issued our report thereon dated October 10, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply with the Resolutions and Investment Guidelines, insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of non-compliance with such Resolutions and Guidelines.

This report is intended solely for the information and use of the members of the Joint Audit Committee and management of the System, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte : Touche LLP". The signature is written in a cursive, flowing style.

October 10, 2012