

INDEPENDENT AUDITORS' REPORT

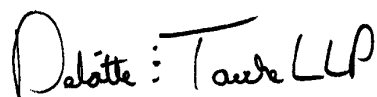
To the Members of the Joint Audit Committee of
New York City Municipal Water Finance System
and New York City Water Board
New York, New York

Dear Members of the Joint Audit Committee:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combining financial statements of the New York City Municipal Water Finance System 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 and for the year ended June 30, 2013 and expect to issue our report thereon dated October 17, 2013, which contains an explanatory paragraph regarding the adoption of Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply with the System's Resolutions and Investment Guidelines, which is the responsibility of the System's management, insofar as they relate to financial and accounting matters. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such Resolutions and Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the System's noncompliance with the System's Resolutions and Investment Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the System's Joint Audit Committee and management 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 17, 2013