

INDEPENDENT ACCOUNTANTS' REPORT

September 25, 2009

To the Board of Directors of
Hudson River-Black River Regulating District:

We have examined Hudson River-Black River Regulating District's (the District) compliance with its own investment policies, applicable laws and regulations related to investments, and the New York State Office of the State Comptroller Investment Guidelines for Public Authorities (the Guidelines) as of and during the year ended June 30, 2009. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements as of and for the year ended June 30, 2009.

This report is intended solely for the information and use of the Board of Directors of Hudson River-Black River Regulating District and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

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