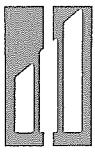


**CITY OF YORK GENERAL AUTHORITY
(A Component Unit of the City of York, Pennsylvania)**

**RECOMMENDATIONS DESIGNED TO IMPROVE
ACCOUNTING PROCEDURES AND TO SAFEGUARD
THE AUTHORITY'S ASSETS MORE EFFECTIVELY**

December 31, 2004



MAILLIE, FALCONIERO & COMPANY, LLP
Certified Public Accountants and Business Counselors

PO Box 680
Oaks, PA 19456-0680
610-935-1420

FAX NO.: 610-935-1632
www.maillie.com

August 12, 2005

To the Members of the Board
City of York General Authority
York, Pennsylvania

In planning and performing our audit of the financial statements of the City of York General Authority (a component unit of the City of York, Pennsylvania) for the year ended December 31, 2004, we considered the City of York General Authority's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 12, 2005, on the financial statements of the City of York General Authority.

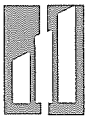
We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank the Authority for the opportunity to be of service in these matters. We would like to thank the staff for the many courtesies extended to us during the course of our audit.

Very truly yours,

Maillie, Falconiero & Company, LLP

MAILLIE, FALCONIERO & COMPANY, LLP
*Certified Public Accountants and
Business Counselors*



CORRECTION OF REPORTABLE CONDITION NOTED IN THE PREVIOUS YEAR'S AUDIT

Rate Covenant - Security Agreement Between the City of York and the City of York General Authority

As noted in the prior year recommendations letter, the Authority was not in compliance with the rate covenant as defined in Section 6.01 of the Loan and Security Agreement between the City of York and the City of York General Authority. Section 6.01 stipulates that the Authority adopt a schedule of rates and charges to provide sufficient funds to pay expenses for the period and to produce net revenues equal to at least 120% of the debt service requirement for the period.

We are pleased to report that this condition was corrected during 2004. Net revenues were equal to 138% of the debt service requirement for the period.

OTHER RECOMMENDATIONS

Authority Books

As reported in the prior year recommendations letter, the Authority does not maintain a separate set of self-balancing books and records. The Authority does prepare a summary net income statement; however, a full financial statement that includes balance sheet and income statement accounts is not maintained.

We recommend the Authority maintain a self-balancing trial balance for the Authority, including the operating accounts as well as the trust accounts. This will provide an important tool for management, as they will be able to produce a financial statement or trial balance to enable the Authority to review the current results of operations at any time throughout the year.