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October 31, 2007

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, 2006, 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 October 31, 2007, 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*

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## **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 prepares 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.

### **Meter Collections**

During our audit, we noted that meter collections were not transferred from the Treasurer's account to the Authority's checking account in a timely manner. As of December 31, 2006, approximately \$149,000 was accumulated in the Treasurer's account that should have been transferred to the Authority's checking account. The Controller's Office discovered this problem prior to our audit and the error was corrected. During 2007, funds were transferred to the Authority's checking account. The appropriate reconciling items were recorded in the Authority's checking account to reflect the proper cash amount as of December 31, 2006.

This problem occurred because the Treasurer's account, which is reconciled by the Controller's Office, was not being timely reconciled and unresolved reconciling items were not being addressed currently. During our audit, we noted the Controller's Office is now timely reconciling the Treasurer's control account. The City has also redesigned the process for reporting and transferring meter collections.