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September 20, 2010

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, 2009, 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 September 20, 2010, 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,

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RECOMMENDATIONS

Authority Books

As reported in the prior year recommendation letter, the Authority does not maintain a complete 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. The Authority utilizes a consultant to combine this information and create a full general ledger at year-end.

We recommend the Authority maintain a self-balancing trial balance, 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.

The City has informed us that an individual was hired in May 2010 to implement this process. The goal is to set up a complete general ledger for the General Authority, which will include the operating funds as well as the trust funds.

Duplicate Payment

During our audit, we noted the General Authority made a duplicate payment on two requisitions in July 2009. The requisitions were primarily composed of amounts due to the City for operating expenditures, administrative costs and parking tax. This duplicate payment appeared to be an isolated instance, and this issue was identified by the Authority, the City and their consultant prior to our audit; therefore, the Authority's consultant had already made an entry to correct this mistake for book purposes. The total duplicate payment was \$200,263, and for financial statement purposes, it was applied to the reduction of the amount due from the Authority to the City.

We recommend the Authority review procedures over requisitions to ensure a duplicate payment does not occur.