

***GNADENHUTTEN-CLAY UNION CEMETERY***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 1998 & 1999***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  
JIM PETRO, AUDITOR OF STATE

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The Honorable Mayor and Members of Village Council  
Gnadenhutten-Clay Union Cemetery  
Hartville, Ohio

We have reviewed the Independent Auditor's Report of the Gnadenhutten-Clay Union Cemetery, Tuscarawas County, prepared by Charles E. Harris and Associates, Inc., for the audit period January 1, 1998 to December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Gnadenhutten-Clay Union Cemetery is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

October 10, 2000

**GNADENHUTTEN-CLAY UNION CEMETERY**  
**Audit Report**  
**For the Years Ended December 31, 1998 & 1999**

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**GNADENHUTTEN-CLAY UNION CEMETERY**  
**Audit Report**  
**For the Years Ended December 31, 1998 & 1999**

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>
Kenneth Hamilton	Trustee Chairman	1/1/98 to 12/31/99	N/A
Harvey Morrison	Trustee	1/1/98 to 12/31/99	N/A
Cathy Murphy	Trustee	1/1/98 to 12/31/99	N/A
 <u>APPOINTED OFFICIALS</u>			
Stephanie Carroll 156 Spring Street Gnadenhutten, Ohio 44621	Clerk-Treasurer	1/1/98 to 12/31/99	(A)
Tom Miller	Sexton	1/1/98 to 12/31/99	(B)

(A) Ohio Farmers Insurance Company \$50,000.

(B) Ohio Farmers Insurance Company \$5,000.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

**Board of Trustees  
Gnadenhutten-Clay Union Cemetery  
Village of Gnadenhutten, Ohio**

We have audited the accompanying financial statements of Gnadenhutten-Clay Union Cemetery, Tuscarawas County, (the Cemetery) as of and for the years ended December 31, 1998 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Cemetery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Cemetery prepares its financial statements on a prescribed basis of accounts prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and fund cash balances of Gnadenhutten-Clay Union Cemetery, Tuscarawas County, as of December 31, 1998 and 1999, its combined receipts, disbursements, and changes in fund cash balances; its combined statement of receipts - budget and actual, and its combined statement of disbursements and encumbrances compared with expenditure authority, for the years then ended on the basis of accounting described above.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2000 on our consideration of the Cemetery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
August 17, 2000

**GNADENHUTTEN-CLAY UNION CEMETERY  
TUSCARAWAS COUNTY, OHIO  
COMBINES STATEMENT OF CASH, INVESTMENTS AND FUND  
CASH BALANCE – Governmental Fund Type – (General Fund)  
For the Years Ended December 31, 1998 and 1999**

	1998 Balance	1999 Balance
Cash and Cash Equivalents	\$ <u>35,920</u>	\$ <u>13,128</u>
Total	\$ <u><u>35,920</u></u>	\$ <u><u>13,128</u></u>

Cash Balance by Fund Class

Governmental Fund Types:

General Fund	\$ <u>35,920</u>	\$ <u>13,128</u>
Total	\$ <u><u>35,920</u></u>	\$ <u><u>13,128</u></u>

See accompanying Notes to the Financial Statements.

**GNADENHUTTEN-CLAY UNION CEMETERY  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF REVENUES, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
Governmental Fund Type – (General Fund)  
For the Year Ended December 31, 1998 and 1999**

	Balance 1998	Balance 1999
Revenues:		
Taxes	\$ 8,827	\$ 8,674
Interments	6,550	5,050
Lot Sales	900	4,700
Intergovernmental	1,008	957
Interest	1,188	675
Other	75	450
	<hr/>	<hr/>
Total Revenues	18,548	20,506
Disbursements:		
Personal Services	10,516	11,950
Capital Outlay	-	20,000
Materials, Supplies and Repairs	45	542
Contractual Services	4,433	5,335
Debt:		
Principal	-	4,900
Interest	-	489
Miscellaneous	100	82
	<hr/>	<hr/>
Total Disbursements	15,094	43,298
Total Revenues Over/(Under) Disbursements	3,454	(22,792)
Fund Balance January 1	<hr/> 32,466	<hr/> 35,920
Fund Balance December 31	\$ <hr/> 35,920	\$ <hr/> 13,128

See accompanying Notes to the Financial Statements.

**GNADENHUTTEN-CLAY UNION CEMETERY  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL  
For the Year Ended December 31, 1998 and 1999**

	<u>1998 Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ <u>49,870</u>	\$ <u>18,548</u>	\$ <u>(31,322)</u>
Total (Memorandum Only)	\$ <u><u>49,870</u></u>	\$ <u><u>18,548</u></u>	\$ <u><u>(31,322)</u></u>

	<u>1999 Budget</u>	<u>1999 Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ <u>43,651</u>	\$ <u>20,506</u>	\$ <u>(23,145)</u>
Total (Memorandum Only)	\$ <u><u>43,651</u></u>	\$ <u><u>20,506</u></u>	\$ <u><u>(23,145)</u></u>

See accompanying Notes to the Financial Statements.



**GNADENHUTTEN-CLAY UNION CEMETERY  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF DISBURSMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURES AUTHORITY  
For the Year Ended December 31, 1998 and 1999**

	<u>1998 Appropriation</u>	<u>1998 Actual Disbursements</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ <u>53,756</u>	\$ <u>15,094</u>	\$ <u>38,662</u>
Total (Memorandum Only)	\$ <u>53,756</u>	\$ <u>15,094</u>	\$ <u>38,662</u>

	<u>1999 Appropriation</u>	<u>1999 Actual Disbursements</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:			
General Fund	\$ <u>59,423</u>	\$ <u>43,298</u>	\$ <u>16,125</u>
Total (Memorandum Only)	\$ <u>59,423</u>	\$ <u>43,298</u>	\$ <u>16,125</u>

See accompanying Notes to the Financial Statements.

# **GNADENHUTTEN-CLAY UNION CEMETERY**

**Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999**

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. DESCRIPTION OF THE ENTITY**

The Gnadenhutten-Clay Union Cemetery is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Gnadenhutten-Clay Union Cemetery is a public cemetery as defined by Section 517.01 of the Ohio Revised Code. The Cemetery operates under an elected Board of Trustees (3 members) and is responsible for the provision of land for cemetery purposes to residents of the Village.

Management believes the financial statements included in this report represent all of the funds of the Cemetery over which the Cemetery has the ability to exercise direct operating control.

### **B. REPORTING ENTITY**

In evaluating how to define the Cemetery for financial reporting purposes, management has considered all agencies, departments and organizations making up the Gnadenhutten-Clay Union Cemetery (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Cemetery, as the primary government, is financially accountable. The Cemetery is financially accountable for an organization if the Cemetery appoints a voting majority of the organization's governing board and 1) the Cemetery is able to significantly influence the programs or services performed or provided by the organization; or 2) the Cemetery is legally entitled to or can otherwise access the organizations resources; the Cemetery is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Cemetery is obligated for the debt of the organization. Component units may also included organizations for which the Cemetery approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Cemetery has determined that there were no component units required to be included the financial statements.

### **C. BASIS OF ACCOUNTING**

The financial statements follow the basis of accounting prescribed by the auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

# **GNADENHUTTEN-CLAY UNION CEMETERY**

## **Notes to the Financial Statements**

**For the Years Ended December 31, 1998 & 1999**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

#### **D. INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Revised Code. Purchased investment is a money market account that valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

#### **E. FUND ACCOUNTING**

The Cemetery maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

##### **Governmental Fund Types:**

**General Fund:** The general operating fund of the Cemetery. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

#### **F. BUDGETARY PROCESS**

##### **1. Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk - Treasurer, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

##### **2. Estimated Resources**

The county auditor calculates the estimated revenues available to the Cemetery. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Cemetery. The certificate is approved by the county budget commission and sent to the Cemetery Treasurer by September 1.

Prior to December 31, the Cemetery must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

# **GNADENHUTTEN-CLAY UNION CEMETERY**

Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

### **F. BUDGETARY PROCESS - (continued)**

#### **2. Estimated Resources - (continued)**

On or about January 1, the Treasurer sends the county auditor information about the unencumbered balances for the year ending December 31. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 1998 and 1999.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 1998 and 1999. However, those fund balances are available for appropriations.

#### **3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by October 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

## **2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Cemetery maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - Governmental Fund Type - (General Fund), As of December 31, 1998 & 1999."

### **Legal Requirements**

State statutes classify monies held by the Cemetery into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Cemetery Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Cemetery has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

## **GNADENHUTTEN-CLAY UNION CEMETERY**

**Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999**

### **2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Cemetery, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## **GNADENHUTTEN-CLAY UNION CEMETERY**

**Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999**

### **2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)**

Protection of the Cemetery's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At year end, the carrying amount of the Cemetery deposits were \$35,920 in 1998 and \$13,128 in 1999 and the bank balance was \$46,145 in 1998 and \$13,250 in 1999. All bank deposits were covered by federal depository insurance for both years.

**Investments:** GASB Statement No.3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Cemetery's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Cemetery's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Cemetery's name. At December 31, 1998 and 1999, the Cemetery held no investments that would be classified as investments under GASB Statement No.3.

### **3. PROPERTY TAX**

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1995.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) were \$.50 and \$.50, respectively, per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.422085 and \$.331172 for 1997 and 1998, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$.50 and \$.452791 for 1997 and 1998, respectively, per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Cemetery by the State of Ohio.

## **GNADENHUTTEN-CLAY UNION CEMETERY**

Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999

### **3. PROPERTY TAX - (continued)**

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The rate applied to tangible personal property for the years ended December 31, 1997 and 1998 (received in 1998 and 1999) was \$.50 and \$.50, respectively, per \$1,000 of assessed valuation.

The following represents the assessed property values for the revenues received during the years 1998 and 1999:

Real Property	<u>1997</u>	<u>1998</u>
Residential/Agricultural	\$13,267,650	\$17,152,280
Commercial/Industrial	3,271,710	3,665,130
Public Utilities	16,750	16,840
 Tangible Personal Property		
General	3,214,830	2,272,690
Public Utilities	2,440,630	2,492,540
 Total Valuation	<u>\$22,211,570</u>	<u>\$25,599,480</u>

The Tuscarawas County Treasurer collects property tax on behalf of all taxing Cemeteries within the county. The Tuscarawas County Auditor periodically remits to the taxing Cemetery their portions of the taxes collected.

### **4. RISK MANAGEMENT**

The Cemetery is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 1998 and 1999, the Cemetery contracted with one insurance company for coverage of buildings and contents.

The following is a list of insurance coverages of the Cemetery and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Property	\$29,500	\$250
General Aggregate Limit/ Personal & Advertising	300,000	0
Fire Damage	100,000 per fire	0
Medical Expense	5,000 per person	0
Inland Marine	15,845	250

## **GNADENHUTTEN-CLAY UNION CEMETERY**

**Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999**

### **4. RISK MANAGEMENT – (continued)**

Settled claims have not exceeded commercial coverage in the past three years. Also, there have been no material reductions in coverage during the past three years.

The Cemetery pays the Village of Gnadenuhuten the Cemetery's share of Worker's Compensation premium based on a rate per \$100 of salaries. This rate is calculated based on the accident history and administrative costs of the Village. The Village of Gnadenuhuten then pays the State Worker's Compensation System. It is handled this way, since the Village of Gnadenuhuten pays the Cemetery employees salaries each month and then is reimbursed by the Cemetery in December of each year.

### **5. DEFINED BENEFIT PENSION PLAN**

The employees of the Cemetery are covered by the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Cemetery is required to contribute 9.35 percent. The contribution rates are determined actuarially. The Cemetery's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997 were \$1,314, \$1,152 and \$1,175; respectively, which equals the required contributions for those years. The full amount has been contributed for 1998 and 1997. 76 percent has been contributed for 1999.

### **6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirees. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees; 4.2 percent was the portion that was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investments income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999 the unaudited estimated new assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS were 118,062. The Cemetery's actual contributions for 1999 which were used to fund OPEB were \$407.



# GNADENHUTTEN-CLAY UNION CEMETERY

Notes to the Financial Statements  
For the Years Ended December 31, 1998 & 1999

## 6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS – (continued)

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

## 7. DEBT

During 1999, a note was entered into by the Village of Gnadenhutten and Indian Village Community Bank in the amount of \$31,000 to pay the balance owed on property purchased for the Gnadenhutten – Clay Union Cemetery. All the land of the Cemetery is in the name of the Village of Gnadenhutten, but the Cemetery is responsible for paying off the note from their monies. The following is a schedule of activity for 1999:

	<u>Balance</u> <u>1/1/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/99</u>
Cemetery property 5.5% matures 3/3/04	-	\$ 31,000	\$ 4,900	\$ 26,100
Totals	-	\$ 31,000	\$ 4,900	\$ 26,100

Amounts required to pay off the note debt are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 4,400	\$ 978
2001	6,200	978
2002	6,200	978
2003	6,200	978
2004	<u>3,100</u>	<u>487</u>
Totals	<u>\$ 26,100</u>	<u>\$ 4,399</u>

The principal amount due in 2000 is \$6,200, but during 1999 the Cemetery paid additional principal of \$1,800, leaving a balance due in 2000 of \$4,400. The bank will adjust the interest amount at the end of the loan.

## 8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees  
Gnadenhutten-Clay Union Cemetery  
Village of Gnadenhutten, Ohio**

**We have audited the financial statements of the Gnadenhutten-Clay Union Cemetery, Tuscarawas County, (the Cemetery) as of and for the years ended December 31, 1998 and 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.**

**Compliance**

**As part of obtaining reasonable assurance about whether the Cemetery's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Cemetery in a separate letter dated August 17, 2000.**

**Internal Controls Over Financial Reporting**

**In planning and performing our audit, we considered the Cemetery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Cemetery in a separate letter dated August 17, 2000.**

**Gnadenhutten-Clay Union Cemetery  
Report on Compliance and on Internal Control  
Page -2-**

**This report is intended for the information of the Board of Trustees, management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.**

***Charles E. Harris & Associates, Inc.*  
August 17, 2000**

**STATUS OF PRIOR YEARS' CITATIONS AND RECOMMENDATIONS**

The prior report, as of December 31, 1996 and 1997 included no material citations or recommendations.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**GNADENHUTTEN-CLAY UNION CEMETERY**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 24, 2000**