

GNADENHUTTEN- CLAY UNION CEMETERY

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

The Board of Trustees
Gnadenhutzen-Clay Union Cemetery
Gnadenhutzen, Ohio

We have reviewed the Independent Auditor's Report of the Gnadenhutzen-Clay Union Cemetery, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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 Gnadenhutzen-Clay Union Cemetery is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 26, 2002

This Page is Intentionally Left Blank.

GNADENHUTTEN-CLAY UNION CEMETERY
Audit Report
For the Years Ended December 31, 2001 & 2000

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Elected Officials	- ii -
Report of Independent Accountants	1
Combined Statement of Cash, Investments and Fund Cash Balances, Governmental Fund Type - (General Fund), December 31, 2001 & 2000	2
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances, Governmental Fund Type - (General Fund), For the Year Ended December 31, 2001 & 2000	3
Notes to the Financial Statements	4-10
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12
Status of Prior Audit's Citations and Recommendations	13

GNADENHUTTEN-CLAY UNION CEMETERY

Audit Report

For the Years Ended December 31, 2001 & 2000

<u>ELECTED OFFICIALS</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>
Kenneth Hamilton	Trustee/ Chairman	1/1/00 to 12/31/01	N/A
Harvey Morrison	Trustee	1/1/00 to 12/31/01	N/A
Stephanie Carroll	Trustee	1/1/00 to 12/31/01	N/A
 <u>APPOINTED OFFICIALS</u>			
Christine Heil	Clerk-Treasurer	1/1/00 to 12/31/01	(A)
Tom Miller	Sexton	1/1/00 to 12/31/01	(B)

Gnadenhutzen-Clay Union Cemetery
156 Spring Street
Gnadenhutzen, Ohio 44629

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

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

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Gnadenhutten-Clay Union Cemetery (the Cemetery), as of and for the years ended December 31, 2001 & 2000, 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 auditing standards generally accepted in the United States of America 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 accounting 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 cash, investments and fund cash balances of the Cemetery as of December 31, 2001 & 2000 and the receipts, disbursements, and changes in fund balances for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.
March 4, 2002

GNADENHUTTEN-CLAY UNION CEMETERY
Tuscarawas County

Combined Statement of Cash, Investments and Fund
Cash Balances - Governmental Fund Type - (General Fund)
December 31, 2001 and 2000

	<u>2001</u> <u>Balance</u>	<u>2000</u> <u>Balance</u>
Cash and Cash Equivalents	\$ <u>11,830</u>	\$ <u>11,397</u>
Total	\$ <u><u>11,830</u></u>	\$ <u><u>11,397</u></u>

Cash Balances by Fund Class

Governmental Fund Types:

General Fund	\$ <u>11,830</u>	\$ <u>11,397</u>
Total	\$ <u><u>11,830</u></u>	\$ <u><u>11,397</u></u>

See accompanying Notes to the Financial Statements.

GNADENHUTTEN-CLAY UNION CEMETERY

Tuscarawas County

Combined Statement of Receipts, Disbursements and
Changes in Fund Cash Balances, Governmental Fund Type -
(General Fund)

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Receipts:		
Lot Sales	\$ 3,475	\$ 5,300
Interments	5,200	4,200
Tax Revenue	9,608	9,003
Intergovernmental	507	496
Interest	440	504
Rental Income	1,300	1,900
Other	<u>80</u>	<u>-</u>
Total Receipts	20,610	21,403
Disbursements:		
Personal Services	10,880	10,910
Materials and Supplies	195	491
Other	703	314
Lot Repurchases	500	-
Equipment	257	494
Contract Services	830	4,093
Debt Service:		
Principal	5,812	5,501
Interest	<u>1,000</u>	<u>1,331</u>
Total Disbursements	<u>20,177</u>	<u>23,134</u>
Excess of Receipts Over/(Under) Disbursements	433	(1,731)
Fund Cash Balances - January 1	<u>11,397</u>	<u>13,128</u>
Fund Cash Balances - December 31	<u>\$ 11,830</u>	<u>\$ 11,397</u>

See accompanying Notes to the Financial Statements.

GNADENHUTTEN-CLAY UNION CEMETERY

**Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000**

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 Township.

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 disbursement 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. The Cemetery is not required to follow budgetary laws. Therefore, there is no budgetary presentation. These statements include adequate disclosure of material matters, as prescribed by the Auditor of State.

GNADENHUTTEN-CLAY UNION CEMETERY

Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are all certificates of deposits 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

Union cemeteries are not required to follow budgetary regulations under the Ohio Revised Code.

G. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment acquired or constructed for general government service are recorded as expenditures. Depreciation is not recorded for property, plant, and equipment.

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), December 31, 2001 & 2000."

GNADENHUTTEN-CLAY UNION CEMETERY

**Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (continued)

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 Board of Trustees 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.

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);**

GNADENHUTTEN-CLAY UNION CEMETERY

**Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000**

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

The Cemetery may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the Cemetery.

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 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.

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's deposits were \$11,830 in 2001 \$11,397 in 2000 and the bank balance was \$20,610 in 2001 and \$21,403 in 2000. Of the bank balance, all was covered by federal depository insurance in 2001 and 2000.

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, 2001 and 2000, the Cemetery held no investments that would be classified as investments under GASB Statement No.3.

GNADENHUTTEN-CLAY UNION CEMETERY

Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000

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 2001.

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 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, 2000 and 1999 (received in 2001 and 2000) 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 \$.332366 and \$.332351 for 2000 and 1999, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural. The effective tax rate was \$.50 and \$.50 for 2000 and 1999, 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 roll back deductions is reimbursed to the Cemetery by the State of Ohio.

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, 1999 and December 31, 2000 (received in 2000 and 2001) 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 2001 and 2000:

Real Property	<u>2000</u>	<u>1999</u>
Residential/Agricultural	\$17,868,770	\$17,332,760
Commercial/Industrial	3,023,870	3,102,320
Public Utilities	16,870	16,840
Tangible Personal Property		
General	2,662,750	2,417,940
Public Utilities	<u>2,372,900</u>	<u>2,494,550</u>
Total Valuation	<u>\$25,945,160</u>	<u>\$25,364,410</u>

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

GNADENHUTTEN-CLAY UNION CEMETERY

Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000

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 2000 and 2001, 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

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

The Cemetery pays the Village of Gnadenhutten 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 Gnadenhutten then pays the State Worker's Compensation System. It is handled this way, since the Village of Gnadenhutten 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 basic 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 and the Cemetery is required to contribute 10.84 percent. The contribution rates are determined actuarially. The Cemetery's required contributions to PERS for the years ended December 31, 2001, 2000 and 1999 were \$1,206, \$1,233, and \$1,314; respectively, which equals the required contributions for those years. The full amount has been contributed for 2000 and 1999 and 76 percent has been contributed for 2001.

GNADENHUTTEN-CLAY UNION CEMETERY

**Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000**

6. POSTEMPLOYMENT BENEFITS

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 No. 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 2000 employer contribution rate was 10.84 percent of covered payroll for employees (the latest information available); 4.3 percent was the portion that was used to fund health care.

Benefits are advance-funded on an actuarially determined 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. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively. As of December 31, 1999, the unaudited estimated new assets available for future OPEB payments were \$10,805.5 million. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 401,339. The Cemetery's actual contributions for 2001 which were used to fund OPEB were \$479.

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

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.

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2002	\$ 6,200	\$ 978
2003	6,200	978
2004	<u>2,387</u>	<u>375</u>
TOTALS	<u>\$14,787</u>	<u>\$2,331</u>

GNADENHUTTEN-CLAY UNION CEMETERY
Notes to the Financial Statements
For the Year Ended December 31, 2001 & 2000

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

**REPORT ON COMPLIANCE AND 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
Gnadenhutten, Ohio**

We have audited the financial statements of the Gnadenhutten-Clay Union Cemetery, (the Cemetery) as of and for the year ended December 31, 2001 & 2000, and have issued our report thereon dated March 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 in a separate letter dated March 4, 2002.

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 structure over financial reporting that we have reported to the management of the Cemetery in a separate letter dated March 4, 2002.

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

Charles E. Harris & Associates, Inc.
March 4, 2002

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 1999 & 1998, did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
APRIL 2, 2002**