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Independent Auditor's Report

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Honorable Mayor and Town Council
Town of Smyrna, Tennessee
Smyrna, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee (the Town), as of and for the year ended June 30, 2003, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Smyrna'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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the Town of Smyrna, Tennessee at June 30, 2003, and the respective changes in financial position and, changes in fiduciary net assets for its Pension Fund and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America

As described in Note 15 to the financial statements, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements--and Management's Discussion and Analysis--For State and Local Governments*, GASB Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of Statements No. 21 and 34*, GASB Statement No. 38 *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2003, on our consideration of the Town of Smyrna's internal control structure 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 2-11, the Required Supplementary Information on pages 42-47 are not a required part of the financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smyrna's basic financial statements. The Introductory Section (Pages i through viii), Combining and Individual Nonmajor Fund Statements Schedules, and Financial Schedules Section and Statistical Section as listed in the Table of Contents on (pages 48 through 80), inclusive are not a required part of the basic financial statements. The Combining and Individual Nonmajor Fund Statements and Schedules and, the Financial Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is stated fairly, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Yeary Howell & Associates

October 21, 2003