

KPMG

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Independent Auditors' Report

The Honorable Mayor and Members of Council The Metropolitan Government of Nashville and Davidson County, Tennessee:

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Government") as of and for the year ended June 30, 2000 as listed in The accompanying Table of Contents. These financial statements are the responsibility of the management of the Government. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following Component Units *and Special Revenue Funds*: the Nashville District Management Corporation, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Nashville Thermal Transfer Corporation, the Metropolitan Nashville Airport Authority, the Emergency Communications District, the Industrial Development Board, and the School Activity fund, which reflect 95% of the total assets and 92% of the total revenues of the Component Units of the Government and 3% of the total assets and 2% of the total revenues of the Special Revenue Funds of the Government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 and the reports of other auditors provide a reasonable basis our opinion.

Our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Government of Nashville *and Davidson County, Tennessee* as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds, and proprietary type discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and individual account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and the individual account groups of the Government, as of June 30, 2000, and the results of operations of such funds and the cash flows of the individual proprietary funds, nonexpendable user funds, and proprietary We discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America,

The schedule of funding progress and schedule of employer contributions on pages A-62 through A-66 are not a required part of the general purpose financial statements but are supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to those schedules certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2000 on our consideration of The government's internal control over financial reporting and on 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 Standard*; and should be read in conjunction with this report in considering the results of our audit

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements and on the combining and individual fund and account group financial statements taken as a whole. The supplemental schedules listed in the Table of Contents, which are also the responsibility of the management of the Government, are presented for purposes of additional analysis and are not a required part of the financial statements of the Government. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The introductory and statistical sections listed in the Table of Contents are presented for purpose of additional analysis and are not a required part of the financial statements of the Government. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

October 31, 2000