

# Independent Auditor's Report on Financial Statements of Locally Funded Programs

## Kitsap County Consolidated Housing Authority July 1, 1997 through June 30, 1998

Chair of the Board of Commissioners  
Kitsap County Consolidated Housing Authority  
Silverdale, Washington

We have audited the accompanying financial statements of the locally funded programs of the Kitsap County Consolidated Housing Authority, Kitsap County, Washington, as of and for the year ended June 30, 1998. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

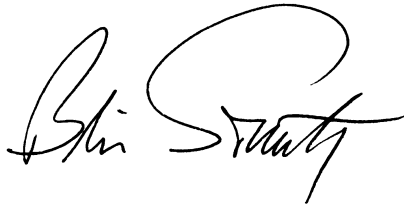
Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Housing Authority has included such disclosures in Note 11. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Housing Authority's disclosures with respect to the year 2000 issue made in Note 11. Further, we do not provide assurance that the Housing Authority is or will be year 2000 ready, that the Housing Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Housing Authority does business will be year 2000 ready.

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the locally funded programs of the Housing Authority and are not intended to present fairly the financial position, results of operations, and cash flows of the Kitsap County Consolidated Housing Authority, taken as a whole, in conformity with generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the financial statements referred to above present fairly, in all material respects, the financial position of the locally funded programs of the Kitsap County Consolidated Housing Authority as of June 30, 1998, and the results

of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large, prominent loop at the end of the last name.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 25, 1999