

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

Kitsap County Consolidated Housing Authority July 1, 1998 through June 30, 1999

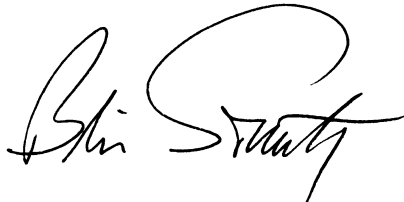
Chair of the Board of Commissioners
Kitsap County Consolidated Housing Authority
Silverdale, Washington

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, 1999. 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.

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.

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, 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, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.



BRIAN SONNTAG, CGFM
STATE AUDITOR

May 5, 2000