

Independent Auditor's Report on Financial Statements

Kitsap County Consolidated Housing Authority July 1, 1999 through June 30, 2000

Board of Commissioners
Kitsap County Consolidated Housing Authority
Silverdale, Washington

We have audited the accompanying general purpose financial statements of the Kitsap County Consolidated Housing Authority, Kitsap County, Washington, as of and for the year ended June 30, 2000. 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.

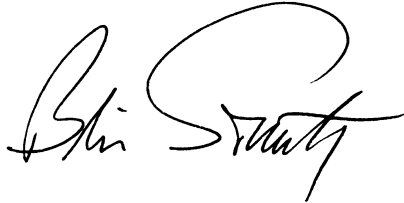
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 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 Kitsap County Consolidated Housing Authority, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2001 on our consideration of the Housing Authority'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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of State Financial Assistance is also presented for purposes of additional analysis. The accompanying Year-End Settlement Statements for the Voucher and Certificate Programs, Statement of Operating Receipts and Expenditures for the Public Housing Program, and Financial Data Schedules are supplemental information required by the Department of Housing and Urban Development. The accompanying Rural Development Statements for the Fjord Manor and Rhododrendron Projects are supplemental information

required by the United States Department of Agriculture. These schedules and statements are not a required part of the financial statements. 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.

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 29, 2001