



STATE OF NORTH CAROLINA

RESULTS OF

STATEWIDE FINANCIAL AUDIT PROCEDURES AT THE

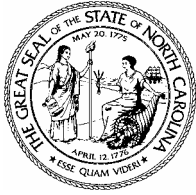
DEPARTMENT OF REVENUE

FOR THE YEAR ENDED JUNE 30, 2005

OFFICE OF THE STATE AUDITOR

LESLIE W. MERRITT, JR., CPA, CFP

STATE AUDITOR



STATE OF NORTH CAROLINA
Office of the State Auditor

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State Auditor

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November 3, 2005

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Mr. E. Norris Tolson, Secretary
Department of Revenue

We have completed certain audit procedures at the Department of Revenue related to the State of North Carolina reporting entity as presented in the *Comprehensive Annual Financial Report (CAFR)* and *Single Audit Report* for the year ended June 30, 2005. Our audit was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes*.

In the *CAFR*, the State Auditor expresses an opinion on the State's financial statements. In the *Single Audit Report*, the State Auditor presents the results of tests of internal control and compliance with laws, regulations, contracts and grants applicable to the State's financial statements and to its federal financial assistance programs. Our audit procedures were conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and the Single Audit Act as applicable. Our audit scope at the Department of Revenue included the following:

State of North Carolina's Financial Statements

General Fund – General Statewide Revenues and Related Accounts

Agency Fund – Sales Taxes Collected for Local Governments and Related Accounts

Highway and Highway Trust Funds – Taxes and Related Accounts

State of North Carolina's Administration of Federal Financial Assistance Programs

None

Our audit procedures at the Department of Revenue were less in scope than would be necessary to report on the financial statements that relate solely to the Department or its administration of federal programs. Therefore, we do not express such conclusions.

The results of our audit procedures disclosed no matters involving internal control, instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Single Audit Act.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Leslie W. Merritt, Jr.

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

DISTRIBUTION OF AUDIT REPORT

In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press and the general public upon request.

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The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Mr. E. Norris Tolson	Secretary, Department of Revenue

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Mr. James D. Johnson	Director, Fiscal Research Division
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November 16, 2005

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