



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet <http://www.osa.state.nc.us>

February 10, 2004

The Honorable Michael F. Easley
The Honorable Marc Basnight
The Honorable James Black
The Honorable Richard Morgan

Gentlemen,

The financial audit of this office was conducted by an independent auditor selected by the Office of State Budget and Management on behalf of the Advisory Budget Commission pursuant to the authority granted by General Statute 143-4(e). This office received an unqualified opinion: the financial statements, in the opinion of the independent auditor, present fairly, in all material respects, the financial position of this office and the results of its operations and changes in financial position in conformity with generally accepted accounting principles.

In addition to the annual financial audit, this office undergoes quality review audits every three years. These quality review audits are conducted by representations of the National Association of State Auditors, Controllers and Treasurers in accordance with General Statute 147.64.11. The latest "peer review" was completed in 2003. This office received a clean opinion: the peer review team found that the procedures of this office provided reasonable assurance of compliance with generally accepted auditing standards. A copy of that report, as well as the financial audit, have been supplied to you and are available for review on our web site, www.ncauditor.net.

This office has consistently received clean opinions from the financial auditors and the peer review teams. These independent, external reviews validate the hard work of the dedicated professionals in the Office of the State Auditor. I am pleased to submit our annual financial report to you.

Please do not hesitate to contact us if you have any questions or comments.

Respectfully,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive script.

Ralph Campbell Jr.
State Auditor