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State Auditor's Report #08-NTF-A

Utah State Legislature
and
Jon Huntsman, Jr., Governor
State of Utah

Pursuant to *Utah Code* 51-9-501 through 504, Transition for Repealed Navajo Trust Fund Act, we have performed the procedures described below to the Utah Navajo Trust Fund's (Trust Fund) List of Assets, Liabilities, and Obligations, including all commitments and contractual agreements as of May 5, 2008. The procedures performed were as follows:

1. We agreed the assets and liabilities presented on the Trust Fund's List of Assets, Liabilities, and Obligations as of May 5, 2008 to the Trust Fund's general ledger accounts in the State's accounting system. We agreed the totals of the obligations on the Trust Fund's List of Assets, Liabilities, and Obligations to supporting schedules and calculations.
2. We verified the existence of the Trust Fund's capital assets by observing the existence of all items included on the list (see Exhibit A).
3. For non-capital assets (see Exhibit B), we traced a sample of items from the lists to the actual asset or vice versa. We limited our tracing of items to 10% of those included on the list. Trust Fund management could not locate 3 items (a 12" TV/VCR Combo, a 20' aluminum ladder, and a small refrigerator) which were included in the original list of non-capital equipment for the Montezuma Creek Sewing Plant. These items have been removed from the final list as presented in Exhibit B.
4. For unfinished projects (see Exhibits C and D), we traced 50 construction projects, including all unexpended projects equal to or greater than \$20,000 and a sample of 18 others less than \$20,000, from the Trust Fund's Approved Unfinished Construction Projects list (see Exhibit D) to meeting minutes for the Board of Trustees to determine whether the Board had approved the project and to confirm the amount of funding to be provided by the Trust Fund. In addition, using expended amounts from the Trust Fund's general ledger, we recalculated the Trust Fund's remaining commitment for each of the 50 projects as of May 5, 2008. The 50 projects tested represent 67% of the Trust Fund's unexpended commitments for construction projects.

We noted 3 errors related to incorrect amounts or calculations in the unexpended projects over \$20,000. These errors were corrected for the final list as presented in Exhibit D. We noted no errors in the sample of projects with unexpended balances less than \$20,000.

5. We noted that, in accordance with *Utah Code* Section 51-9-504(1)(b)(i), there were no projects approved by the repealed Board of Trustees after March 17, 2008 that were anticipated to be completed on or after January 1, 2010 or that were greater than or equal to \$100,000. We also noted that there were no projects approved by the repealed Board of Trustees on or after May 5, 2008 (see Exhibit D).
6. We selected 20 students (approximately 10%) from the Trust Fund's list of 193 students currently eligible to receive educational assistance and verified that these students were eligible to receive assistance from the Trust Fund.

For 15 of the 20 students selected, we noted that the Trust Fund did not determine whether the student had applied for Navajo Nation financial aid, as required by Trust Fund policies, but were otherwise eligible to receive assistance from the Trust Fund.

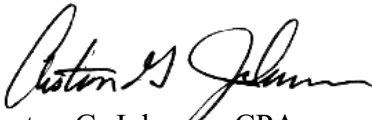
Due to student privacy considerations, the detailed list of 193 students eligible to receive assistance from the Trust Fund as of May 5, 2008 has not been included in this report.

7. Except as discussed in note (a) on Exhibit E for the contracts included on the Trust Fund's contract list, we agreed the contract amounts and terms to the applicable contracts.
8. We reviewed the financial disclosures as related to the List of Assets, Liabilities, and Obligations as of May 5, 2008 and found them to be proper and reasonable.

Except as described above, we noted no exceptions as a result of the procedures performed.

We were not engaged to and did not conduct an audit of the Trust Fund's List of Assets, Liabilities, and Obligations as of May 5, 2008, the objective of which would be the expression of an opinion on the Trust Fund's financial position as of May 5, 2008. Accordingly, we do not express any such opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the information and use of the Utah State Legislature and the Governor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.



Auston G. Johnson, CPA
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August 28, 2008