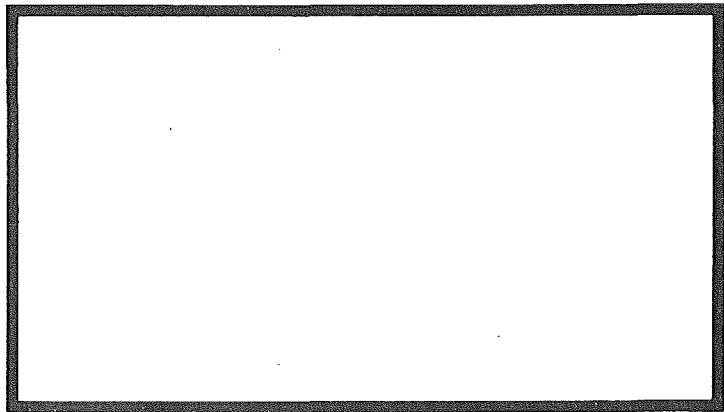


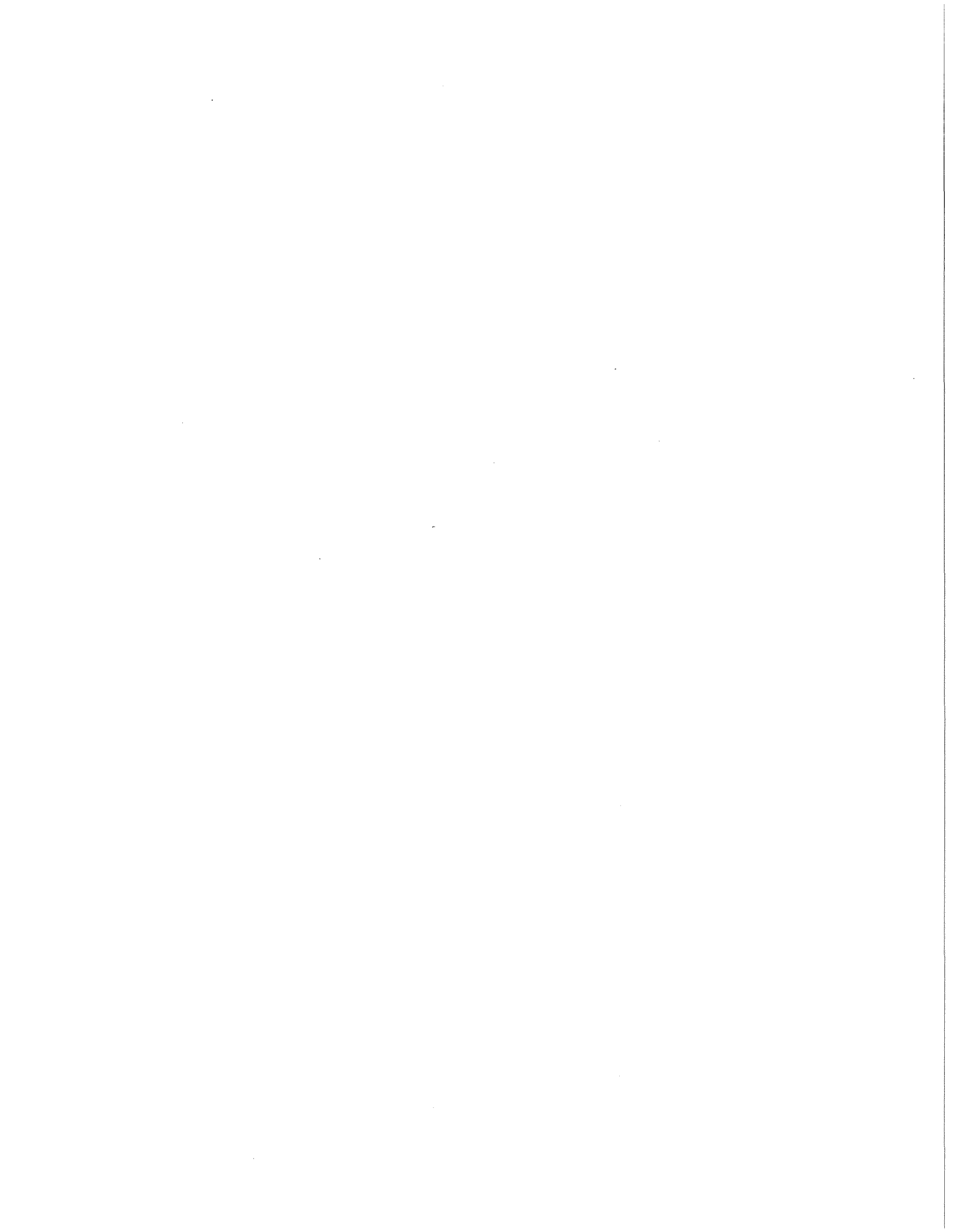
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Office of Planning and Evaluation



Minnesota State Department of Education

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STATE OF MINNESOTA



A
Preliminary Report
on the
Technical Assistance
Visit to the
Pine Point Experimental School

July 10-11, 1979

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STATE OF MINNESOTA



A Report on the State Departments of Finance and Education
Technical Assistance Visit to the
Pine Point Experimental School
July 10-11, 1979

Conducted by:

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Office of Planning and Evaluation
Minnesota Department of Education
July 12, 1979

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- I. Introduction/Purpose of Visit
- II. Background Information
- III. Findings
 - A. Enrollment
 - B. Financial Condition
 - C. Educational Programs and Services
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 - E. Facilities
- IV. Summary and Conclusions

I. Introduction

A seven member team from the Minnesota Department of Education and the Minnesota Department of Finance visited the Pine Point Experimental School on July 10-11, 1979. The purpose of the visit was to provide technical assistance to the staff of the Pine Point School in the development of a administrative/management plan for FY 1980.

The administrative/management plan was requested by the Legislative Audit Committee (LAC) as a prerequisite to the release of an \$125,000 emergency aid appropriation for the Pine Point School. The team reviewed, with the Pine Point staff, their current financial situation, staffing patterns, program offerings and facilities.

This report will present the findings of the review team and will suggest several courses of future action with regard to assisting Pine Point in the development of their FY 1980 administrative/management plan.

II Background Information

The Pine Point Elementary School is located in the village of Ponsford, Minnesota in the southeast corner of the White Earth Indian Reservation. Prior to July 1, 1970, the school was operated as an independent common school district, providing instructional programs through the sixth grade level. By action of the Board of Education for the Pine Point school district and the Board of Education in the Park Rapids school district, the Pine Point district ceased to exist as a corporate body on June 30, 1970, and the school property and responsibility for instructional programs became part of the Park Rapids school district on July 1, 1970. In 1973, new legislation established an autonomous school project, which continues to be in effect at the present time. The Pine Point school serves a pupil population of mainly Indian children. The enrollment has fluctuated from a high of 108 to a low of 85 for the 1978-79 school year. The current enrollment is 96. An enrollment of 120 pupils in pre-school through grade eight is anticipated for the 1979-80 school year.

The Pine Point School was established to provide Indian children with quality education in a learning environment which enhances pride in Indian heritage, fosters a strong self-concept and increases academic achievement. The school has sought to provide curriculum which enables children to learn basic communications and mathematics skills necessary for effective functioning within the dominant white society. Attachment 1 contains additional background information on Pine Point.

III. Findings

After two days of discussion with members of the Pine Point staff, the following findings emerged:

A. Enrollment

The enrollment of the Pine Point school has tended to fluctuate over the past six years. Pine Point staff indicate that the range has been from a high of 108 to a low of 85. Enrollment for the 1978-79 school year was reported to the Park Rapids school district as 96. While no formal enrollment projections exist, the Pine Point staff is anticipating 120 students for the 1979-80 school year. This figure is based upon an increased total population for the Ponsford area.

B. Financial Condition

Pine Point school is currently listed as a school district for financial reporting purposes (annual financial report), but in actuality, its state funding flows through the Park Rapids school district. State funds (Foundation Aid, emergency aid, state lunch aid and transportation aid) account for approximately 76% of the Pine Point revenue budget. The remaining 24% is derived from federal and local sources.

Pine Point is projecting a \$403,000 revenue budget (this includes the FY 80 emergency aid of \$125,000) and a \$400,000 expenditure budget for FY 1980. Pine Point is currently operating on a cash accounting system and as of June 30, 1979, appears to have a cash deficit of approximately \$50,000. With a projected balance budget for FY 1980, Pine Point, on a cash basis, will return to its \$50,000 deficit position on June 30, 1980.

With the exception of the deficit position, it would appear that Pine Point's projected budget for FY 1980 is realistic. Their current cash flow problem stems from their deficit position and it would appear that an advancement of at least some portion of the \$125,000 FY 80 emergency aid would be in order to assist them in their current cash flow situation.

It is recommended that approximately \$75,000 be advanced to the Pine Point school with the remaining \$50,000 contingent upon the development of a comprehensive FY 80 administrative management plan for the Pine Point school system. This plan should be completed by September 1, 1979. Members of the Department of Education will be available to assist the Pine Point school in the development of their plan, if requested. Attachment 2 contains a more detailed report on Pine Point's financial condition.

C. Educational Programs and Services

Based on a review of program and course offerings, staffing patterns and discussions with the Pine Point staff, it would appear that the school is currently meeting all applicable Minnesota Statutes and State Board of Education rules for a K-8 school, with the exception of special education services. Attachment 3 contains a more detailed report on special education services. It is suggested that a more comprehensive review of the Pine Point program be conducted by the Department of Education's Division of Instruction between September 1 and October 1, 1979.

D. Staffing Patterns

While a comprehensive review of past staffing patterns could not be accomplished during the visit, it would appear that the proposed 1979-80 staffing pattern for Pine Point would be realistic. Attachment 4 represents the proposed staff organization for 1979-80. In terms of budget allocation to staffing, the following would apply:

<u>Area</u>	<u>Percent of Total Budget</u>
Administration	10.5%
Instruction	24.9%
Operation and Maintenance of Plant	2.5%
Community Service	5.3%
Food Service	2.5%
Head Start Program	1.9%
Miscellaneous Positions (3 Watchmen and Proposal Writer)	2.6%
Total	<u>50.2%</u>

It would appear from our limited review that staffing patterns at Pine Point are not severely out of proportion to other state schools. However, a more detailed review of proposed staffing for FY 80 should be a major part of the FY 80 Administrative/Management plan.

E. Facilities

The facilities portion of the Pine Point school is composed of three major sections. Section I was completed in 1938 and houses a kitchen, cafeteria, four classrooms, one art room and one multi-purpose room. Section II was completed in 1955 and contains the industrial arts area, a gym and the grounds maintenance area. Section III was completed in January, 1979 and contains the office complex, community commons area, science room, home economics room, and one classroom/sound stage.

Based on discussions with the staff, it would appear:

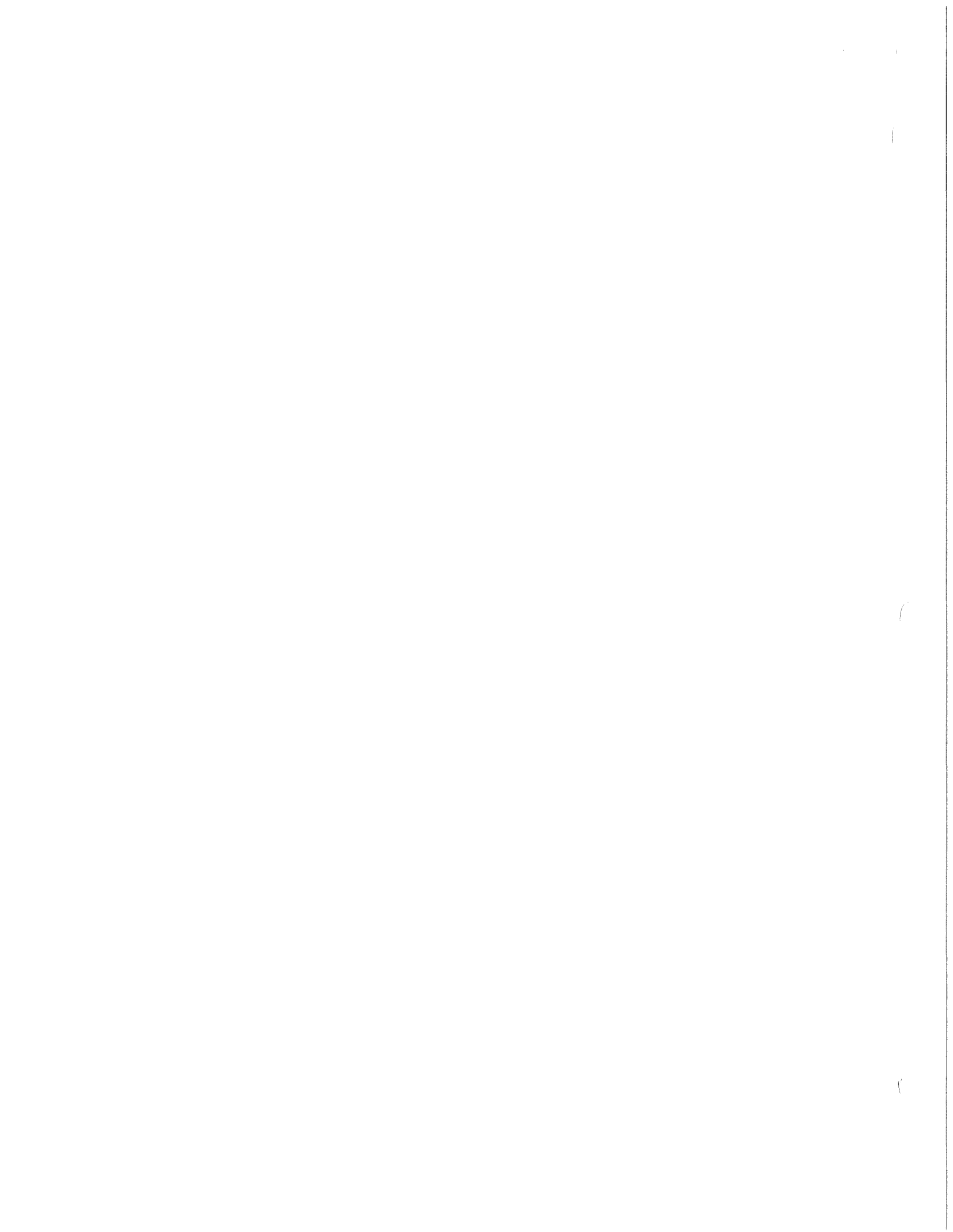
1. That capital outlay funds will be required for remodeling and/or rebuilding the gym and the purchase of furniture for the new section of the building. (funds for the gym will probably be applied for through federal sources.)
2. An energy audit has not yet been completed.
3. Since there were no funds budgeted for the maintenance and operation of the new building (Section III), a severe strain was put on the existing maintenance and operations budget for the whole school. It would appear that the addition of the new section has greatly overburdened the operation and maintenance account, therefore, resulting in reduced maintenance for the entire school complex.

IV. Summary and Conclusion

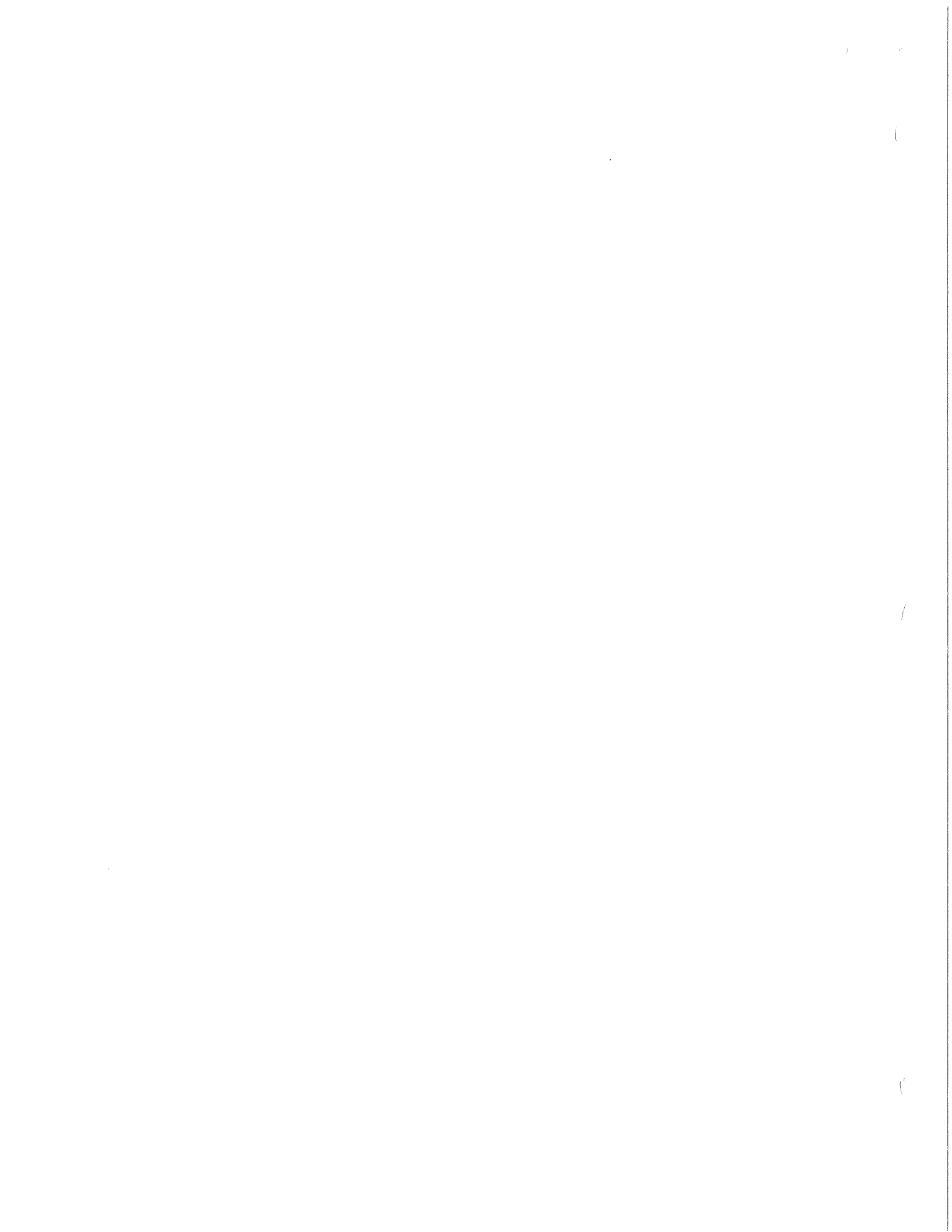
The major effort of the visit to the Pine Point school was to assist the staff in developing a FY 80 administrative/management plan. However, much of the visit centered on the budgeting and accounting system of the school, a discussion of their current financial condition and an assessment of the need for the possibility of releasing at least a proportion of the FY 80 emergency aid appropriation. The Department of Education has indicated that it will provide assistance to the Pine Point staff in the development of their comprehensive administrative/management plan. This plan is to be completed by September 1, 1979. It is recommended that a portion (\$75,000) of the emergency aid appropriation be forwarded to Pine Point to assist them with their cash flow problem with the remaining \$50,000 to be held until the completion of their administrative/management plan.

ATTACHMENTS

1. A Report on the Pine Point Experimental School, 1979
2. Supporting Financial Information
Ron Moir, Director
School Financial Management Section
3. Supporting Special Education Information
Bob Fischer, Specialist
Division of Special and Compensatory Education
4. Support Staffing Information



ATTACHMENT 1



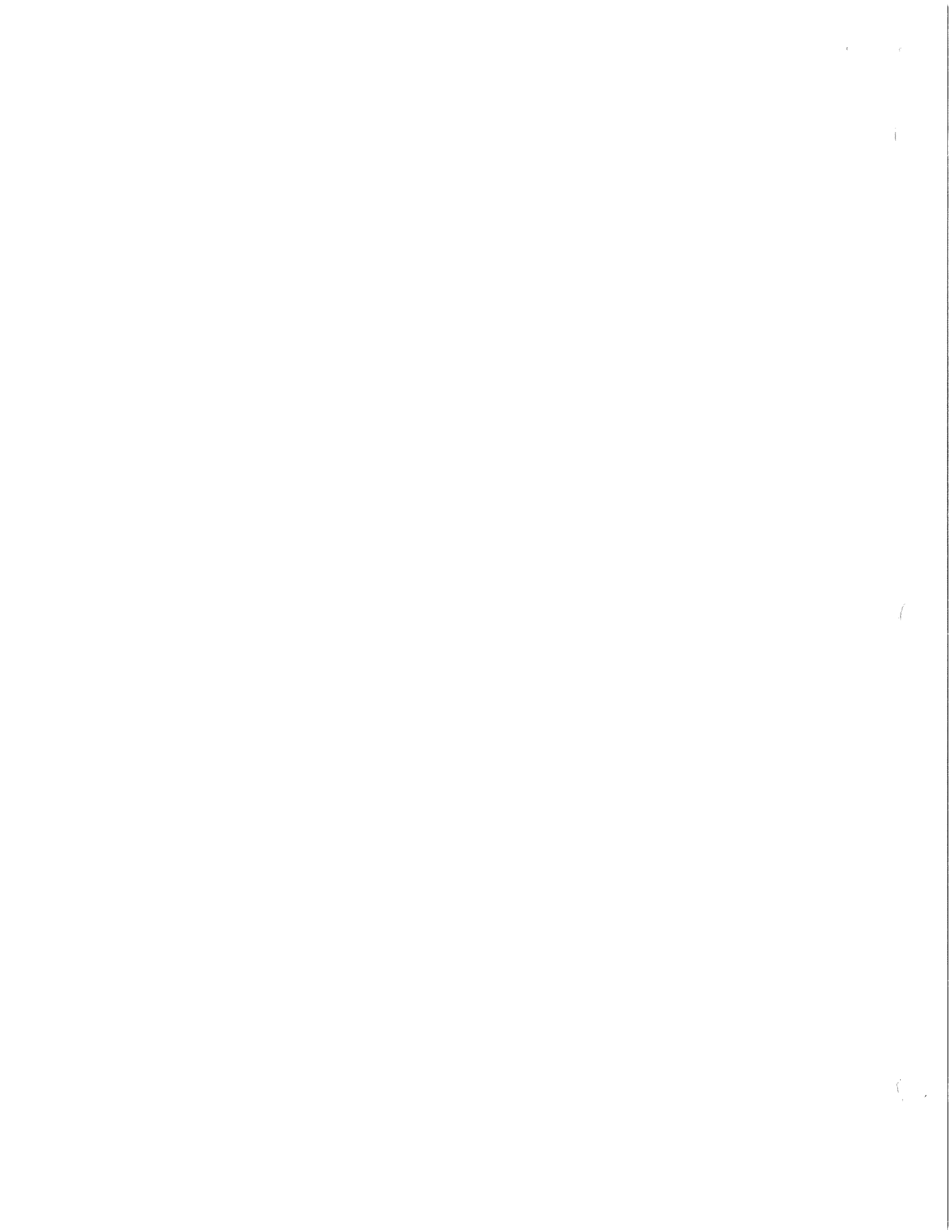


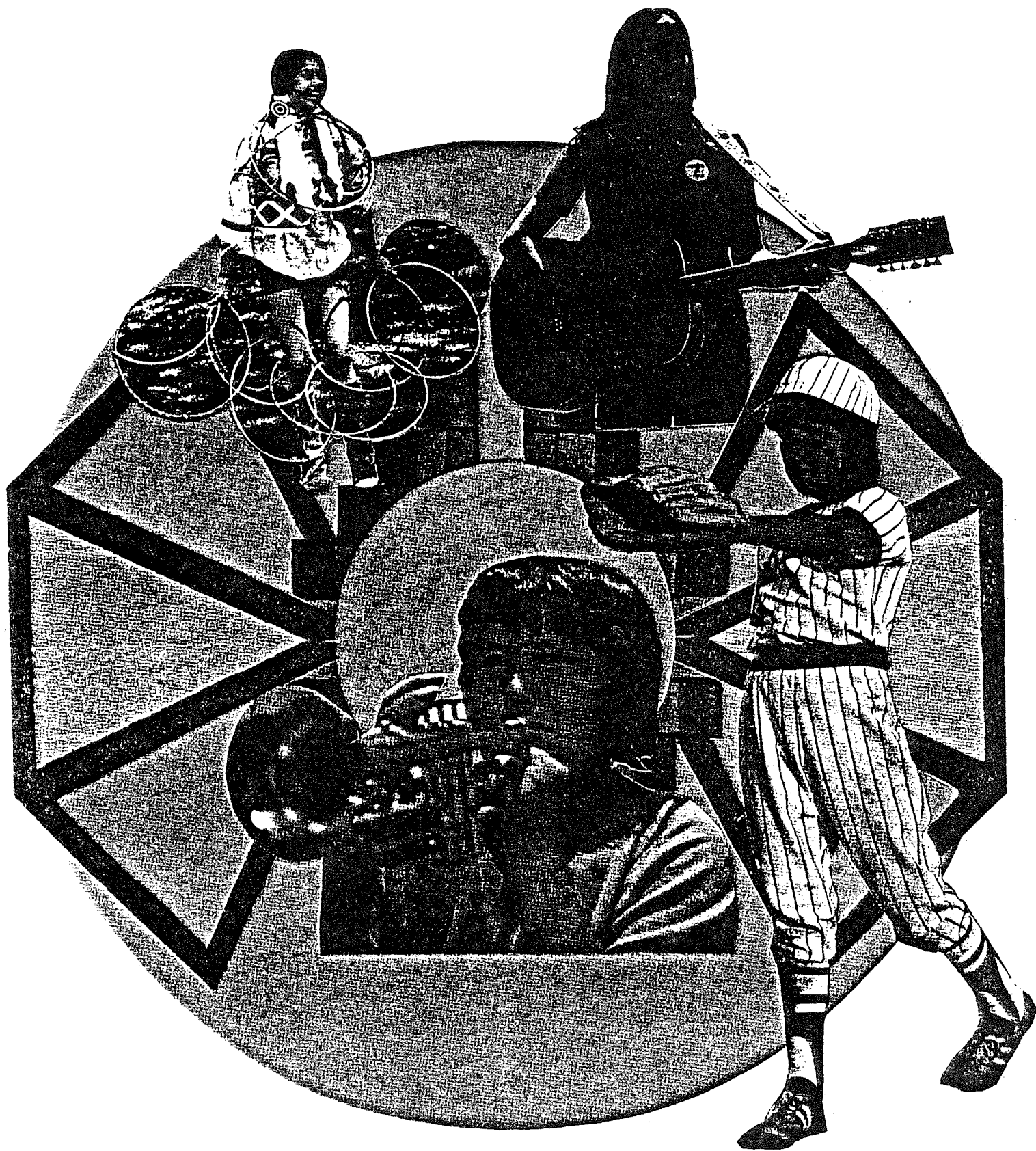
the Community

"We will call together men to be trained as warriors in the Indian way. We will teach them how we have survived for thousands of years on this land. We will teach them the true meaning of being a warrior in spirit. We will give them the pride of our people. We will teach them to survive in the world of today. But, not only will our warriors be dedicated to the survival of our people they will be dedicated also to the love the Indian feels for this land . . . to love the animals, the fish, the birds, and the earth; to love the air, the winds, the clear waters and the streams . . . We will teach him to love this land. For our survival we must teach the immigrant white man to love as we love, for we have been here thousands of years and theirs is but a short time. We have survived great suffering and loss. But we are the great people and the suffering and hardships which we have survived will give us great strength . . . In the future, we, the Indian people of this land, will be an even greater people!"

Indian people have a responsibility and right to control education in their community. In 1969 a special United States Senate sub-committee on Indian Education called for "maximum Indian participation in the development of education programs for model schools to meet social and educational goals . . ." for Indian children. In 1970 the President of the United States declared "each Indian community . . . should be able to control its own school." Pine Point School is an excellent example of Indian people maintaining control over the education of their children.

Albert Basswood, Jr., Chairman
Board of Education





Pine Point

the Mission



*Pine Point Experimental
School exists to achieve the
following goals:*

1. A learning environment that is consistent with culture and life style of Chippewa Indian People, and is seen as desirable by community members, parents, and children who attend school.
2. Functional skill levels in mathematics, reading, language, and communication.
3. Strong self-concepts and positive attitude of children toward one another.
4. A strong basis of academic achievement and personal confidence in an effort to reduce secondary school drop out rate among Indian youth.
5. Involvement of adults and older people from the Indian community as para-professionals in the instructional program.
6. Uninterrupted learning through regular attendance at school and sustained progress in a sequenced curriculum.

the Leadership



The education of Indian children and youth in white dominated public schools of this nation is a tragedy. Indian children have their heritage demeaned, their self-concept destroyed, while academic achievement declines! At a hearing of the United State Senate sub-committee in 1969, Indian education was branded "a national tragedy!" There is little evidence the situation in public schools has improved since then. Pine Point School will not allow the "tragedy" to continue. Pine Point School provides Indian children with quality education in a learning environment which enhances pride in Indian heritage, fosters a strong self-concept and increases academic achievement. We have sought to provide curriculum which enables children to learn basic communications and mathematics skills necessary for effective functioning within dominant white society. Our school has been challenged by a local school district, by the State Department of Education, and by the legislature. In all three cases we have made our stand firm and strong and we have survived.

Pine Point is a successful school because its operation is consistent with traditions of Indian people. Pine Point is a part of the community. Daily activities in the school involve people of all ages: young children, youth, young adults, adults, and old people. Everyone has something to contribute. Everyone learns from others in the community. Pine Point school is part of the community as it serves the community.

M. Jerome Buckanaga, Director

REPORT SUMMARY

1. Approximately 3,800 Chippewa Indians currently reside on the White Earth Indian Reservation in Minnesota. 500 reside in Pine Point.
2. The reservation contains three Indian predominant elementary schools but high school age Indian youth have to attend nearby Anglo dominated schools. (Park Rapids, Mahnomen, Waubun)
3. Difficulties in adjusting to the Anglo future, values, and life style have caused high school drop-out rates to soar as high as 70%.
4. Because of adjustment difficulties and to a lack of educational programs geared to the special needs of Indian students, the Indian community requested and received funds to start the Pine Point Experimental School in 1970, which had consolidated with Park Rapids Area School.
5. In 1973, the issue of local control, autonomy for the Pine Point Advisory became a major conflict. It was brought to a head by the state legislature. With major support from Rudy Perpich, then Lieutenant Governor, independent status was granted along with authorization to establish an Experimental School which would operate for four (4) years to expire July 1, 1977. In 1977, an extension was granted to expire July 1, 1981.
6. The Experimental School began its programming July 1, 1973, facing immediate problems. The transition from the Park Rapids district was difficult because Park Rapids did not assist in establishing an administrative system; the records they transferred to Pine Point were only a handful of documents.
7. The community has sought to provide a full range of educational opportunities for youth and community members alike, including community education.
8. The Indian community has sought programs which will provide Indian people with: 1) an awareness of their culture heritage and 2) sufficient knowledge and capability to adjust to and grow within a non-Indian environment if they so choose.
9. The insertion of the Indian philosophy of life into the educational philosophy of Pine Point has been incorporated to assure that the student is afforded a solid understanding of his/her role in today's tribal society, and is prepared for life's pursuit in the outside world.
10. A 15,000 square foot school addition has been built to house middle school age students (10-13). A relatively high ratio of square footage per student is used in view of 1) its design response to special Indian needs such as higher

teacher/student ratios and cultural/heritage programs. 2) its expanded use for community-wide functions. The old building, designed and built by the Bureau of Indian Affairs, severely hampered the effort to develop creative and innovative educational programs even after the Tribal Council provided \$50,000 for renovation.

COMMUNITY

In general, representatives of the community stressed the need for a practical education in order to get along in today's world.

The elderly, traditional reared tribal members want tribal concept made stronger through education. They want social order restored in the tribe; also they have indicated the need to bring back the communal life style.

The parent group encourages community involvement in all aspect. The school board stresses the need for community involvement in school development while the students indicate a need for reinforcing and directing their development of a life philosophy.

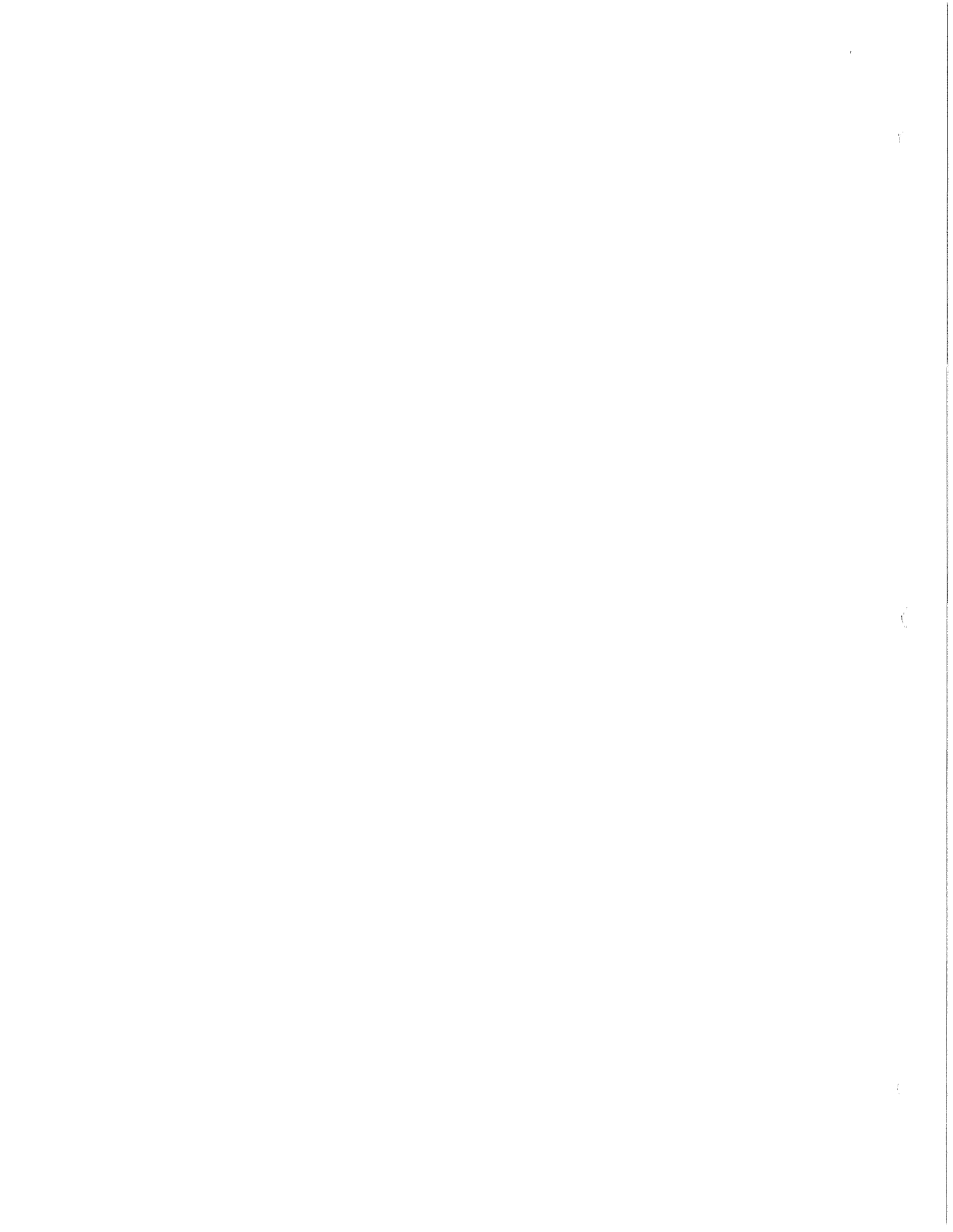
The contemporary high school age Indian youth belong to the 3rd and 4th generation of Indian people dating from the day of the "Great Grandfathers". These youth are exhibiting renewed interest in their heritage, but when they turn to their parents and grandparents for information, they are at a disadvantage. The parents and grandparents belong to generations within which various forces including government and mission schools fostered a negative attitude toward the Indian way of life. Fortunately, a philosophy of life that was created over several hundreds of years has not been destroyed in two generations, but it has been severely diluted. As a result, today's tribal value system has weakened.

Most Indian youth find themselves in a state of cross-culture limbo. They do not know their place in the tribal spectrum of life, and also cannot totally relate to the off reservation environment. Previous educational systems have not taught them the tribal language and appreciation of the tribal value system.

The tribal controlled system is based upon a group centered rather than an individual centered concept. Survival of the tribe took precedence over the individual. The tribal control system is a physical example oriented. Heroes were praised so that younger tribal members followed their example. In like manner, wrongdoers were ostracized by the tribe so the young would not follow his bad example.

Pine Point is an educational facility developed and operated with total involvement for the tribal community is the key to a successful program. The concept of a community school in its ideal sence is in line with and supportive of the tribal concept of life. An educational

system which provides excellent basic program in combination with knowledge of the tribal value system prepares Indian student for growth and development in the "outside world", as well as providing him with a strong sense of identity.



COMMUNITY EDUCATION

The school provides the following kinds of service to the community in addition to its elementary school program:

- After school hours recreation for children and adults
- Gym, pool room, game room, arts and crafts
- Site and supplementary assistance to Adult Basic Education Program
- Site and organization assistance for a variety of community groups:
 - *Community Council
 - *Reservation Business Committee
 - *County Extension Service
 - *4-H
 - *Athletic Association
- Topical classes for adults
 - *Income tax preparation
 - *Consumer problems
- Liaison for individuals and local groups to off-reservation agencies:
 - *Welfare
 - *Schools and colleges
 - *Crime Commission
 - *BIA
- Cooperation with Reservation Business Committee
 - *Community newspaper
 - *Reservation newspaper
 - *Assistance with local survey
 - *proposal writing
- Site and staff assistance to reservation boxing program
- Cooperation with Youth Services (a program of delinquency prevention)
 - *Site for special events
 - *Assistance with grants and proposals
- Supervision of Neighborhood Youth Corps and Concentrated Employment enrollees
- Program development
 - *Youth Services
 - *Early Childhood Education Center
 - *Comprehensive Community Development Plan
 - *Legal representation services
 - *Community Council van service
 - *Assistance with local participation in special vocational education program at Audubon, MN
 - *Time of the Indian magazine (with Minnesota Council for The Arts) Participation in Poets in the school program

In short, the school is the major source of organizational skill in the community and the major source of community advocacy to off-reservation agencies and individuals.

the School: program in perspective

The circle is traditional in Native American Culture. The circle symbolizes strength, harmony, and beauty. All elements of a circle are crucial to its entity; none dominate or control; none are ignored or neglected. Pine Point Experimental school epitomizes the circle. Community, children and staff are drawn together contributing to growth and development of all; quality education for Indian children in harmony with the community.

The circle, however, intersects with dominant society. Indian children are able to confidently participate in dominant society because of personal strength derived in the circle at Pine Point school. The supportive environment, consistent with Indian culture and life style, produces a strong, positive self-image necessary for Indian children to deal with white society.

High level communication skills equip Indian children for success in further education and career development. Accordingly, competencies in mathematics, reading, language, and communication skills are top priority learning goals at Pine Point. Educational experience shows that children in elementary school grow in achievement in basic skills when regular instruction is systematically provided through basic curriculum. To this end, daily instruction with basal curriculum series in reading, language, and mathematics are part of each child's schooling experience.

Achievement in basic skills provides a means to education and is not a final educational goal. As children develop competencies in basic skills, those competencies are exercised and nurtured through reading and interpretation of Native American Literature and history. Conventional curriculum materials are useful tools to develop decoding and vocabulary skills. Comprehension, critical reading, and creative interpretation, however, are taught and refined from readings in Native American history literature and contemporary Indian writings. Reading skills among smaller children are kindled by reading Native American legends and stories.

Positive self concept and functional abilities in personal creative self expression are goals of parallel importance to basic skills. Creative arts, athletics, and verbal expression provide satisfaction through personal achievement leading subsequently to strong self perception and self confidence. Painting, drawing, sketching, sculpture, and industrial arts provide opportunity for creative expression. Writing for school newspaper and yearbook are opportunities for expression in creative writing. Drama, interview, and video-taping present avenues for oral expression. Indoor and outdoor athletics afford opportunity to achieve excellence through physical dexterity.

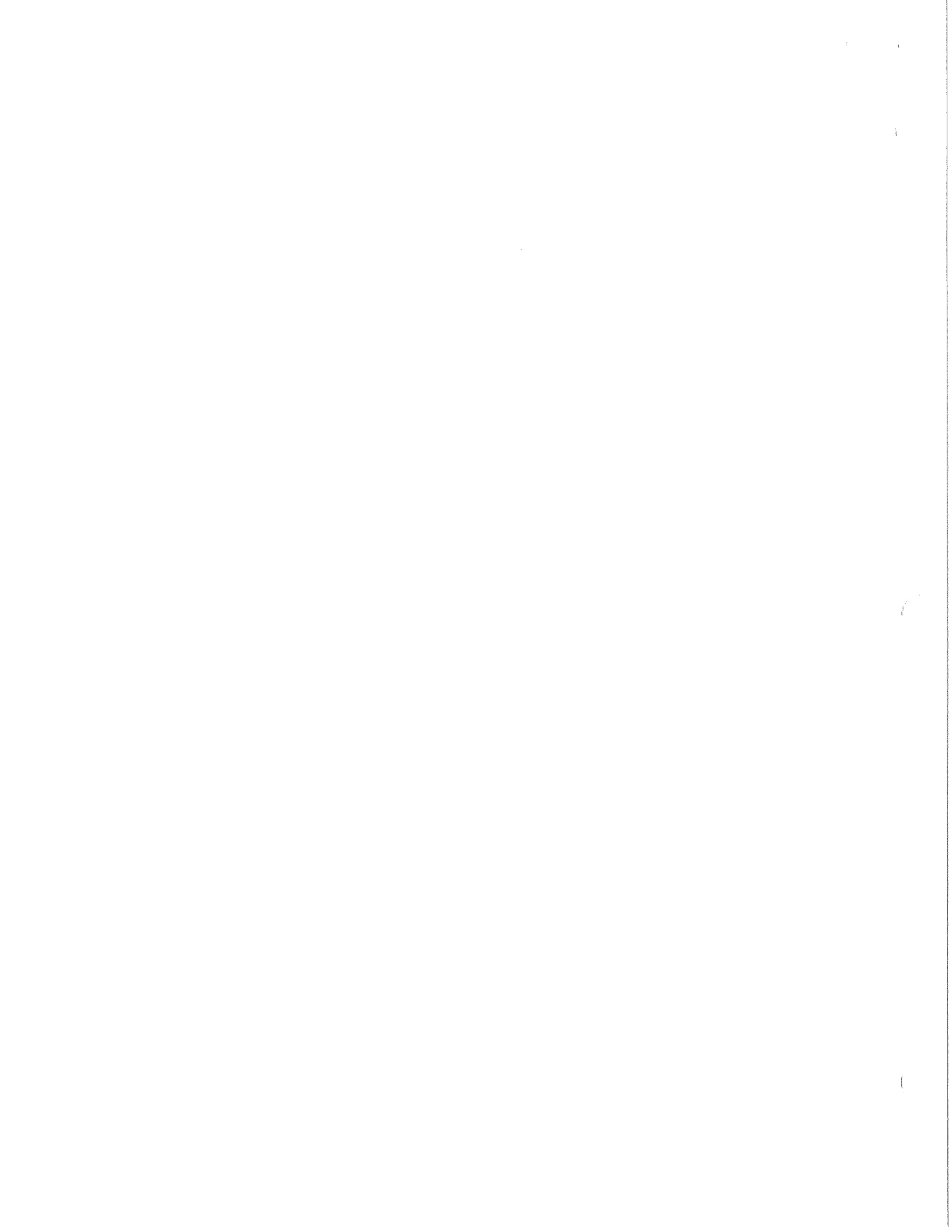
Children develop sensitivity and understanding of Native American history and contemporary Native American affairs. National, state and local government are considered with equal attention to tribal and reservation organization. Content for Native American study deals with Native American matters, generally, and Minnesota Chippewa specifically. Consideration of Minnesota history recounts the state's development from the purview of Chippewa people and the emergence of reservation lands. Children examine the unique role of Indian people in American society and become aware of both problems and advantages associated with continuing education and career planning.

Generally, Pine Point Experimental School seeks to provide children with high quality elementary education through basic skills, personal development, and Native American awareness.

the Curriculum: topic summary

Curriculum Topic (R) Required (S) Selective	Age group of Pupils involved with Curriculum Topic
4.0 NATIVE AMERICAN STUDIES (R)	
4.1 Beading	5-14
4.2 Contemporary Indian Studies	12-14
4.3 Indian Day	5-14
4.4 Native American Drum Group	9-13
4.5 Native American Literature	5-14
4.6 Ojibway Language	5-14
5.0 PHYSICAL EDUCATION (R)	
5.1 Baseball	8-14
5.2 Basketball	5-14
5.3 Boxing	5-14
5.4 Bowling	5-14
5.5 Football	6-14
5.6 Softball	5-14
5.7 Track	5-14
5.8 Organized Play	6-9
5.9 Health	10-11
5.10 Physical Fitness	10-11
6.0 SOCIAL SCIENCE (R)	
6.1 Community	8-9
6.2 Outdoor Education	5-14
6.3 Reservation Organization	8-9
6.4 Tribal Government	8-14
6.5 Minnesota Studies	8-9
6.6 Newspaper	10-11
6.7 Map Study	10-11
7.0 TECHNOLOGY	
7.1 Home Building (S)	10-14
7.2 Industrial Education (S)	5-14
Woodworking	5-14
Crafts	5-14
Copper Tooling	5-14
Silk Screen Paints	8-14
Plastics	8-14
Leather Work	8-14
7.3 Mathematics (R)	5-14
7.4 Natural Science (R)	
Birds	8-14
Man made Environment	10-11
Minerals and Rocks	10-11
Natural Science	6-7
Space	8-9
Weather	5-14
7.5 Photography (S)	10-14
7.6 Adding Machine (S)	5-14
8.0 ENRICHMENT (R)	
8.1 Feature Films	6-14
8.2 Field Trips	6-14
8.3 Reinforcement Procedures	6-14
8.4 Lecture Series	6-14

Curriculum Topic (R) Required (S) Selective	Age group of Pupils involved with Curriculum Topic	Curriculum Topic (R) Required (S) Selective	Age group of Pupils involved with Curriculum Topic
1.0 ART		3.0 COMMUNICATIONS	
1.1 Crafts (S)	5-14	3.1 Drama (S)	5-14
1.2 Design (S)	5-14	3.2 Interviewing (S)	5-14
1.3 Drawing (S)	5-14	3.3 Language Arts: (R)	
1.4 Graphics (S)	5-14	(Spelling)	5-11
1.5 Home Economics (S)		(Grammar, Penmanship, Creative Writing)	12-14
1.51 Cooking	5-14	3.4 Newspaper (S)	5-14
1.52 Sewing	5-14	3.5 Reading (Readiness) (R)	3-5
1.6 Music (R)	5-14	Reading (Basic Skills & Literature) (R)	6-14
1.7 Painting (S)	5-14	3.6 School Annual (S)	9-14
1.8 Sculpture (S)	5-14	3.7 Tutoring (S)	8-14
2.0 CAREER (S)		3.8 Typing (S)	5-14
2.1 Store management	5-14	3.9 Video Taping (S)	
2.2 Work Study	8-14	3.10 Value Clarification (R)	8-11



ATTACHMENT 2

Preliminary Comments on Pine Point Fiscal Affairs
as of July, 1979

I. Purpose and Introduction

The purpose of this narrative is to document information and findings based on a visit to Pine Point by a team of SDE people on July 10 and 11, 1979.

The visit was necessitated by a fiscal and cash flow crisis at Pine Point in which the Department was required to respond. The crisis essentially arose because of a number of factors including:

- A. The lack of cash flow planning by the Pine Point district management.
- B. Misunderstandings of the intent and process of the 1979 LAC appropriation.
- C. Inability of the State Department of Education to monitor, based on reported information, the prospects of a financial cash flow crisis at Pine Point (or any other district as far as that's concerned).

II. Summary of Financial Findings and Recommendations

A. General

Pine Point is a "experimental" district having unique legal status established by the 1973 Legislature. It is a small sized, high cost school operating almost independently as a school district. It is unique in the state in its mode of operation and therefore the basis of the reporting on financial affairs to the State Department.

Although the fiscal data is always and necessarily directly compared to other independent school districts, there are some problems in making direct comparison because of the size of the school/district and its current mode of operations.

B. Short-range

The immediate crisis is a cash deficit in the amount of approximately \$55,000 as of mid-July. A large number of obligations primarily past due expenditures from the prior year have been held in abeyance because of the cash balance available.

With the release of a portion of the LAC funds immediately, the immediate reestablishment of somewhat normal operations in the months of July and August should be possible. In addition, an improved method of cash flow forecasting by month was proposed to the business manager who provided the Department with an estimated cash flow on a calendar basis by month.

A recommendation for modification of the currently provided reports to the board of Pine Point was suggested. This included an incorporation of revised budget figures and a comparison between the current month and last year of the same month.

C. Fiscal Year 1980

The budget figures (on a cash basis) for fiscal 1980 were provided. This indicated cash disbursements of approximately \$400,000 and cash receipts of approximately \$403,000. These figures may be off from \$10,000 to \$20,000 because of the uncertainty of status at certain loans and/or gifts from the White Earth RBC.

Assuming that the budget provided can be maintained, this would indicate that sometime next year in May or June a similar financial crisis will exist. The crisis in June or July of 1979 will not be remedied with a balanced budget in FY 1980.

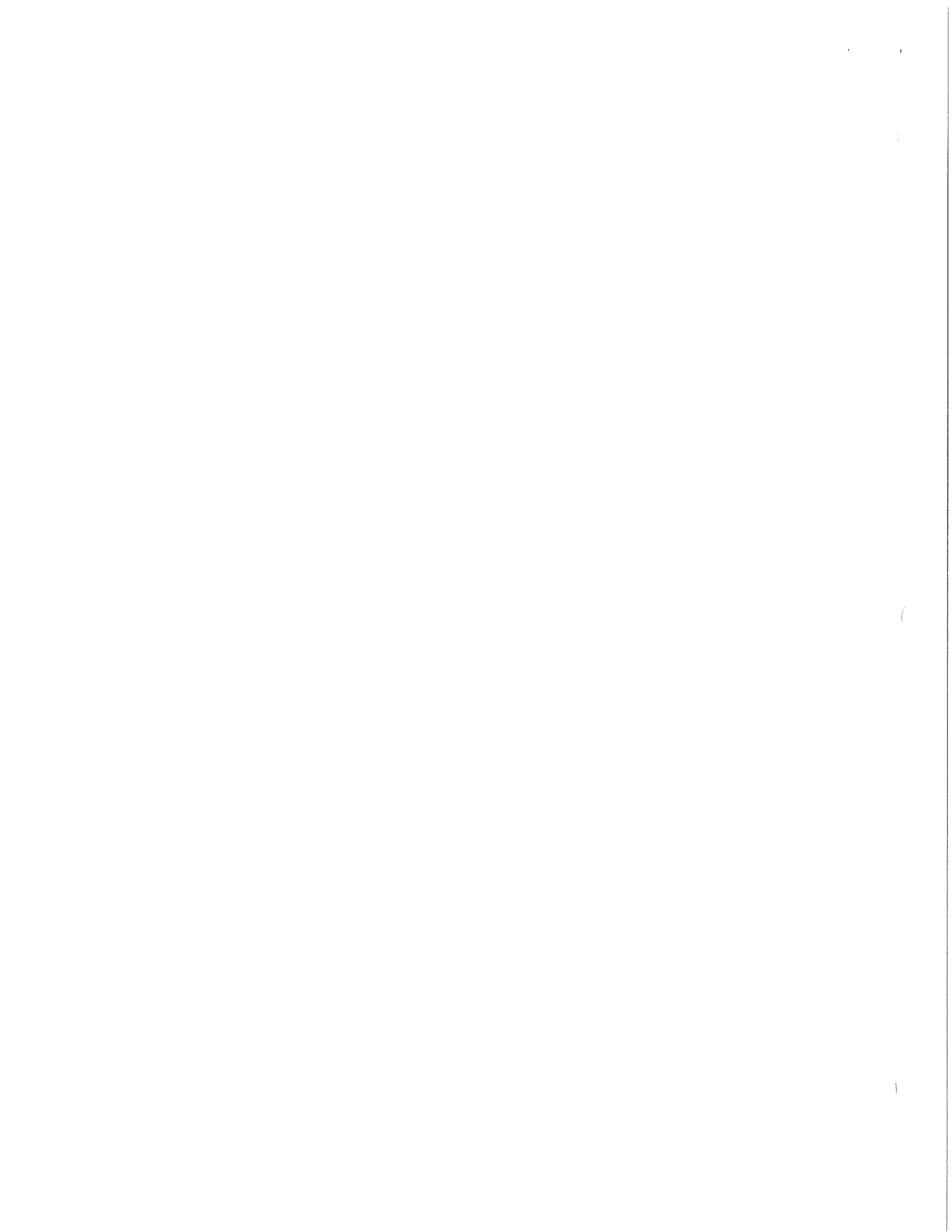
D. Fiscal Year 1981

The supplemental \$125,000 appropriated by the LAC for fiscal 1980 does not currently exist for fiscal 1981. Therefore, one of four possibilities exist.

1. Expenditures will have to be reduced by \$125,000 or
2. The legislature will have to be convinced to appropriate another \$125,000 for FY 81 or
3. Revenues including gifts (not loans) be made by the other sources of funds from the reservation and/or tribe to support the level of expenditures will have to be realized or
4. Fiscal 1981 will see a premature shutdown of the operations in the March timeframe.

E. Recommendations

1. The release of the LAC funds in two steps; \$75,000 immediately and the balance of \$50,000 contingent upon the submission of the required management report be accomplished.
2. The financial management plan required by the LAC be completed on or before August 15 with the assistance of the State Department of Education personnel.
3. Improved financial management controls be incorporated so that it is crystal clear to the board that the status and trends of revenues and expenditures (receipts and disbursements) can be provided on a monthly basis and explanations made of the necessity to constrain expenditures.
4. A financial accounting and budgeting training course be developed by School Financial Management similar to that provided through the Regional Accounting Coordinators based on UFARS materials. The business manager and education department representative from White Earth agreed that such training would be necessary to be cost-effective and perhaps more productive.



This training should be offered at one time, and one place, for any interested personnel in Nett Lake, Red Lake, any of the tribal or reservation office personnel, Indian education, specialists in other districts of Indian programs and Department Indian Education personnel.

5. The accounting and reporting system be modified for fiscal 1981 to more closely conform to the accrual accounting requirements for UFARS as per the UFARS laws applicable to all school districts including Pine Point.

III. Financial Operations

A. Scope of Operations

The Pine Point "experimental" district has a unique comingling of mission inasmuch as the accounting and reporting for majority of funds that are from State and Federal sources, approximately \$400,000 per year are for "educational" purposes. In addition the management and reservation environment assume a "community services" concept or component of operations is necessary.

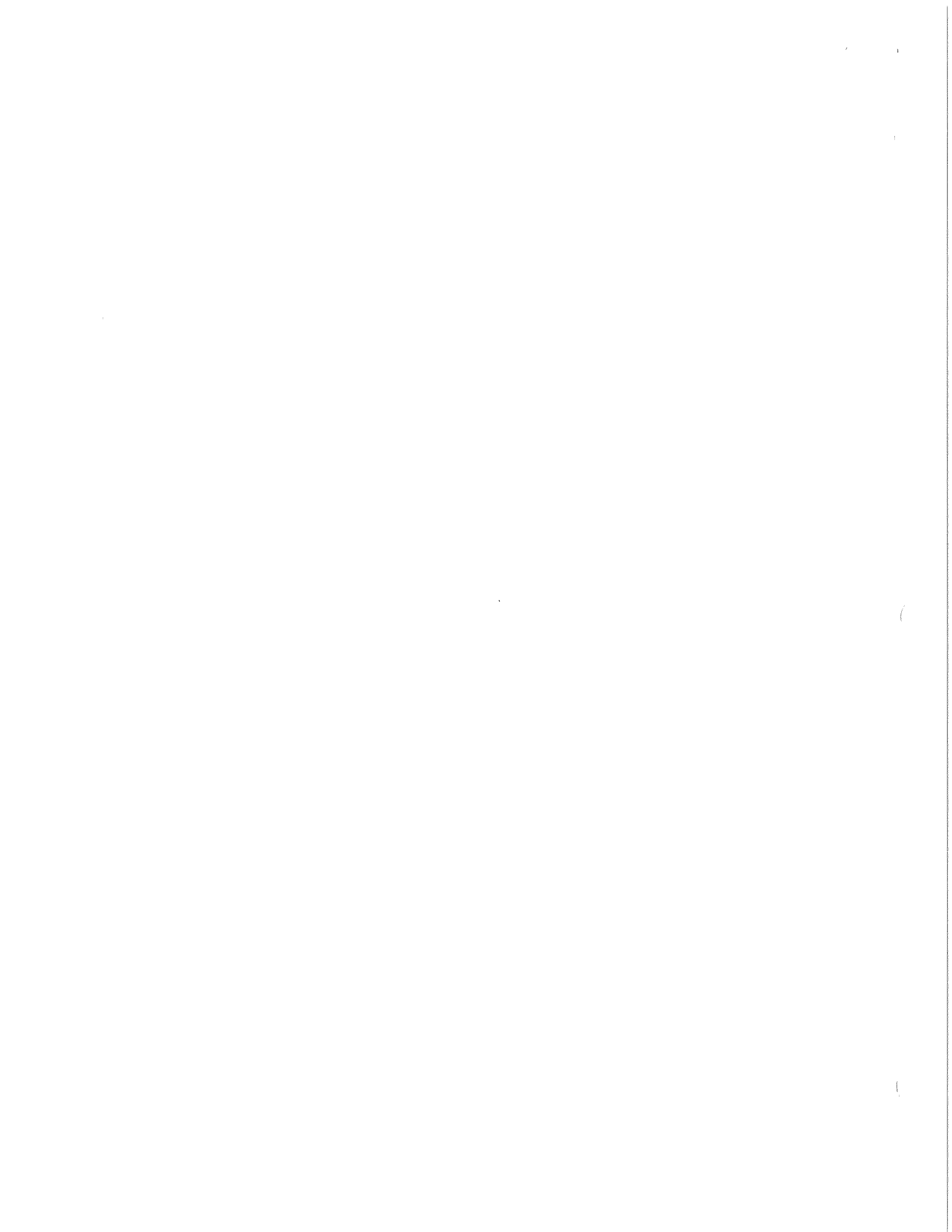
This hybrid operation complicates analysis and comparison with other school districts and tends to reflect extremely high expenditures per pupil. In addition, the small size of the district makes some components, such as administration expense per pupil, relatively high as the fixed cost of administering any operations are spread over fewer units.

Therefore, there may be other situations within Minnesota school districts, i.e., a school within the school district or an alternative school somewhere that would also have high cost per pupil unit. The visibility of Pine Point's data puts them at a disadvantage vis-a-vis other operations from two viewpoints.

1. The small size and need for fixed overhead type expenditures.
2. All costs are fully disclosed for operating both the education and the "community services" activities.

B. Accounting

Pine Point like some small Minnesota school districts still maintains a single-entry cash system. This has the virtue of simplicity but it has the well known faults of inability to project, forecast and to control on anything other than cash in the bank. In some cases, there is an assumption that a scope of programs or expenditure levels can be maintained simply because at the given instant there is some cash in the bank without adequate understanding of the need for the "reserving" some cash for future year's operations. We did not review accounting, or posting procedures, or classifications but merely glanced at their ledger book of cash disbursements and cash receipts which are maintained by fund and in total.



C. Budgeting

The 1978 audit report obtained during the visit, recommended adoption of a budget and certain controls. According to the Business Manager, most of these recommendations had been implemented.

During the visit, the documents used for the 1978-79 budget and a proposed 1979-80 budget were reviewed. The 1979-80 detailed budget appeared to be reasonable based on continuation of 1978-79 type operations.

Applicable laws require:

1. A revenue and expenditure budget be adopted prior to July 1 each year (121,908, Subd. 3a, effective July 1, 1978),
2. A budget report be submitted with the department, on forms prescribed by the commissioner each August 15 (121,908, Subd. 4, effective August, 1976).

No such reports were submitted either for the 1977-78 year or 1978-79 year. The 1979-80 budget is due August 15, 1979.

Accuracy of budget estimates do not seem to be as much a problem as retaining adopted expenditure levels in the event additional revenue becomes available.

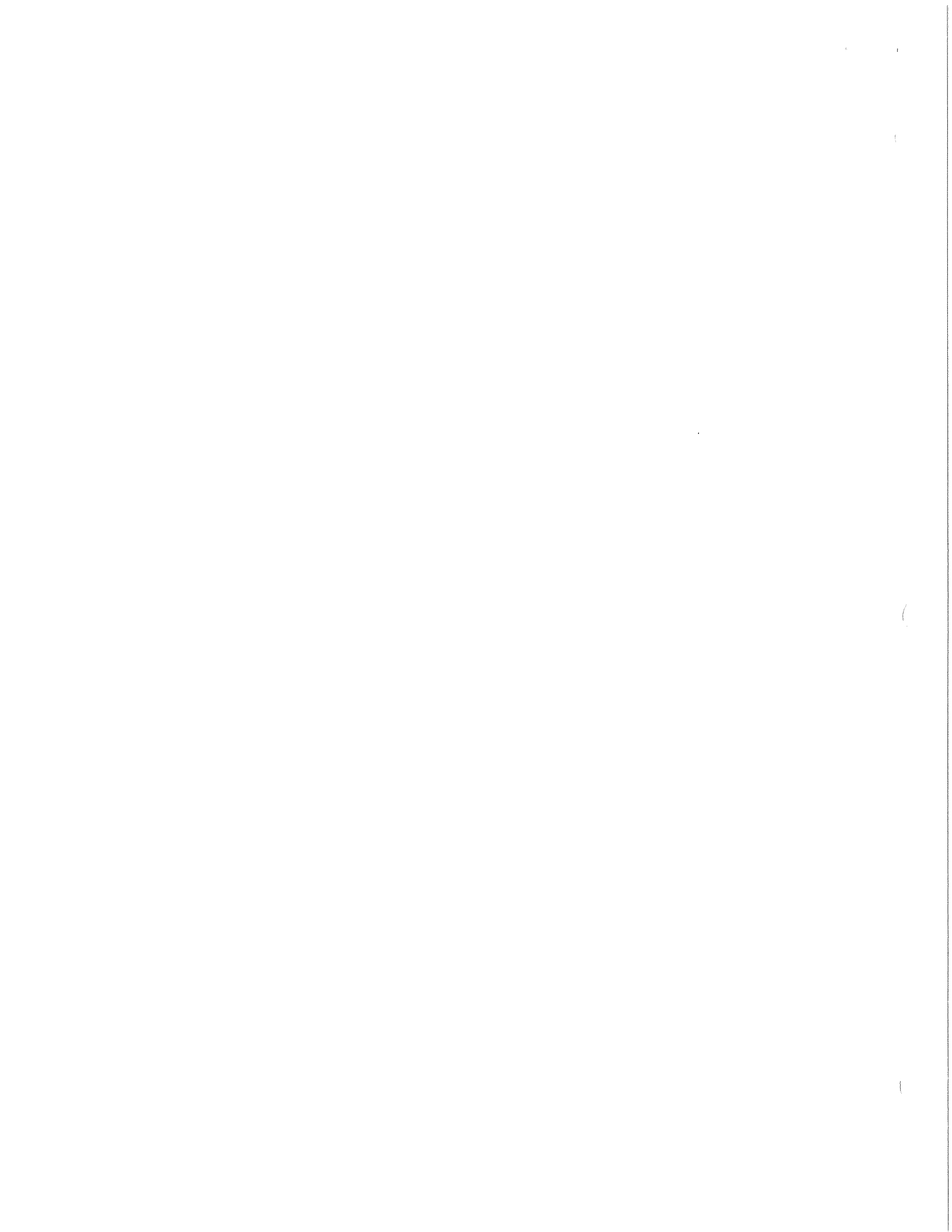
The budget reports supplied at the time of our visit for 78-79 indicated very large variances from the budgeted amounts, perhaps in part due to inexperience and in part due to the acquisition of additional funds not anticipated. Budgets are controls but also guidelines. There is a necessity to revise expectations in view of unfolding realities in any school district.

In one case, the unanticipated acquisition of \$20,000 for a recreation building required a significant budget revision and could happen in any school district. However, there are many other cases that it appeared that the expenditures (disbursements) may have been increased because of availability of revenues without too much thought about future year's operations.

D. Reporting

As indicated previously, the Annual Financial Report required to be submitted to the SDE is prepared by the auditor. The 1977-78 Annual Financial Report due in August 15, 1978, was received in the department in October, 1978.

The Board is provided monthly cash disbursements on a year-to-date and may or may not be provided with current information on cash balances on hand.



Recommendations were made to the business manager to incorporate a "revised" budget figure (in addition to the original adopted budget figure) and an additional column indicating the actual experience for that same month in the prior year. This should help the management somewhat without totally revising their system or a significant upgrading of their methodology.

E. Auditing

The 1973 law required independent financial audits to be performed. The current auditor is Mason, Folkert and Company of Detroit Lakes. The auditor adjusts the cash records to conform to UFARS and has made in the 78 audit several recommendations for improvements according to the business manager most of these recommendations have been incorporated into their operations.

As in many school districts, the auditing for compliance with legal requirements could stand improvement. However, this auditor in this district are very similar to almost all other school district audits in this regard.

M.S. 121.908 require submission of the prior year's audit, to both the state auditor and the SDE by the following June 30. The 1978 audit, completed in October of 1978 had not been received by the SDE but was obtained during the visit.

IV. Issues and Considerations

A. General

In this section I have outlined some of the issues and considerations that should be examined and/or considered. There are no recommendations or suggestions that these issues can be resolved and/or that operations would be permitted to continue or be required to be revised.

In addition, as some of these considerations are under the control of the Pine Point Board and/or Legislature, the ideas presented are strictly the author's own.

B. Levies and Aids

Inasmuch as Pine Point is compared to other school districts and other similar Indian school districts, such as Red Lake and Nett Lake, it is only fair to point out some of the differences in the levies and aids provided Pine Point vis-a-vis Red Lake and Nett Lake.

As a "experimental district" there are no levies applicable to Pine Point. There are presumably no assessed valuation not even the several hundred dollars indicated for Nett Lake and Red Lake. As such, the accommodation of the state aids and levies differs from Nett Lake and Red Lake.

For example, in the capital expenditure area, Pine Point has no revenue resources amounting to \$75 per pupil unit provided through the capital expenditure equalization aid to Nett Lake and Red Lake. This comes about because of the legislation for levies and Pine Point's unique status. Pine Point has capital expenditures obviously and these must be provided out of tribal funds, Johnson O'Malley or others inasmuch as the state foundation formula is for maintenance and operation and not for capital expenditure.

Unemployment costs are in all school districts deemed to be a "excess" levy responsibility of the local taxpayers. These costs are above and beyond normal general fund revenues, state formula amounts or other aids. In the case of Pine Point, Nett Lake and Red Lake the nonexistent and/or very low valuation requires that unemployment costs be covered by revenues other than state aids with JOM funds and other funds above and beyond the formula amount. Some of these other revenues must be made available for these costs. However, the current accounting classifications do not provide for transfers necessary to the related appropriated fund balance. As this account is in deficit, the department's reports (under UFARS) currently overstate the resources available for future years (unappropriated fund balances).

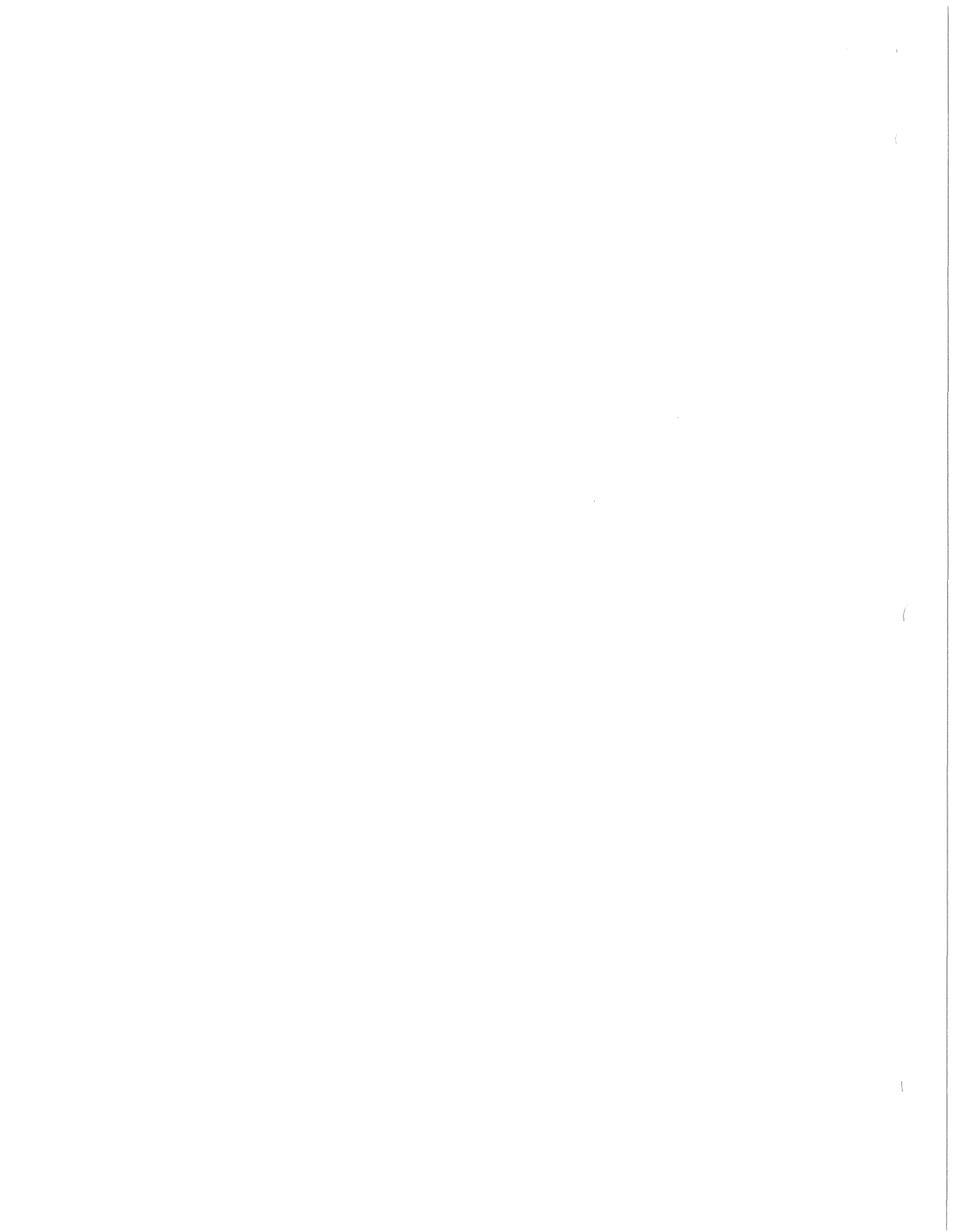
C. Clarification of the Pine Point Mission

The reports of the Department of Education are viewed for the analysis of the educational mission and purpose of Pine Point. However, as indicated previously, there is a significant amount of "community service" activities that may or may not be related to the education of the elementary and adult population. The related accounting and reporting therefore reflecting total costs and total revenues cannot be fairly compared to only part of the mission, i.e., the educational components.

There is no particular solution for this problem at hand other than perhaps the establishment of a fund or funds within Pine Point's operation that, if possible, could differentiate the noneducational portions of their total financial operations and conditions.

D. Materials and Equipment Control

There may be some economies in the educational expenditures area if equipment and materials purchased for Pine Point could in fact be utilized only for the educational mission. Equipment control is difficult in even a larger district. Because of the philosophy or concerns of the State Department, it may be appropriate to periodically require or suggest that equipment be clearly marked as belonging to the district and materials be under some type of control so that expenditures made for tangible items are in fact property of the district used for district purposes and not available for personal use and/or consumption.



E. Economic Analysis of Alternatives

In examination of the bills and a superficial view of the facility, there appeared to be several items that could be investigated further.

1. Sewage

It was noted that approximately \$3,000 was recently paid for sewage hauling. Inasmuch as there are alternatives, at least in some conditions at some times, to pumping out cesspools, the addition of a larger cesspool and/or more adequate drainfields may be accomplished to minimize this outlay. Inasmuch as there is apparent employment problem, it may be more prudent to spend money on labor and materials for a longer term solution than to expend money to an outside contractor to pump sewage.

2. Heat

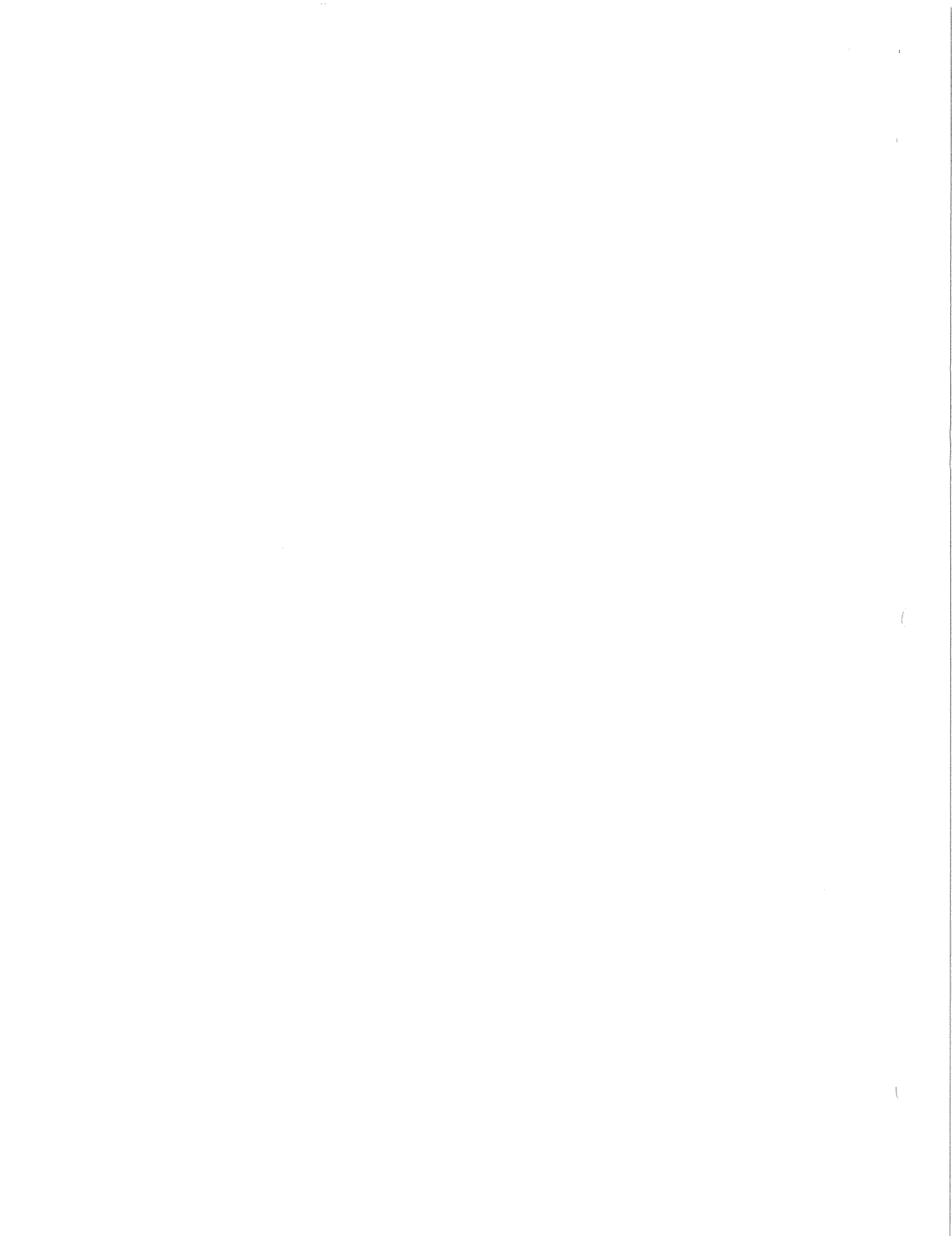
It was noted that the source of heat for the building was oil. It is somewhat ironic that we import oil from the Arabs to a facility in the wooded area with an unemployment problem. There may be economic and certainly other justifications for considering the installation of total or partial woodburning furnaces in Pine Point.

3. Energy

The business manager being relatively new and because of some lack of communications seemed to be unaware of the state and federal energy program with its energy audits and construction funds. As at least part of the facility is not new, it may be useful to perform energy audits to determine if cost savings can be made on fuel. With the current availability or near current availability of both state and federal funds for these projects, it would seem appropriate to follow through on this area.

F. Fund Transfers and Revenue Accounting

The district does have a capital expenditure fund and disbursements for capital items are made from this fund which is proper in accordance with UFARS. However, due to the lack of differentiated capital revenue indicated previously, transfers are required from the general fund. This is technically illegal under UFARS as it is a transfer from an operating fund to a nonoperating fund that is prohibited. However, this can be avoided by the change in the accounting practice to record some of the revenue, either from Johnson O'Malley for equipment items to the capital expenditure fund to eliminate the need for the transfer.



G. Fund Balances

Prior to the 78-79 year, transmittal of foundation aid amounts from the Park Rapids School District to the Pine Point School District was interpreted to be only the state aid portion of the formula amount. This has since been rectified in that Pine Point now gets the full formula amount from Park Rapids. However, the levy portion available to all other districts had not been paid in prior years. The result of this may in part explain the very low fund balances and somewhat the cash flow problems.

Whether or not the "correction" of this practice at an earlier time would have made a significant difference to the current financial condition of Pine Point is speculative. Without fiscal controls and an understanding that some amounts are necessarily reserved for the future, expenditures will tend to rise to meet the revenues in common with any other governmental operations.

H. Pupil Accounting

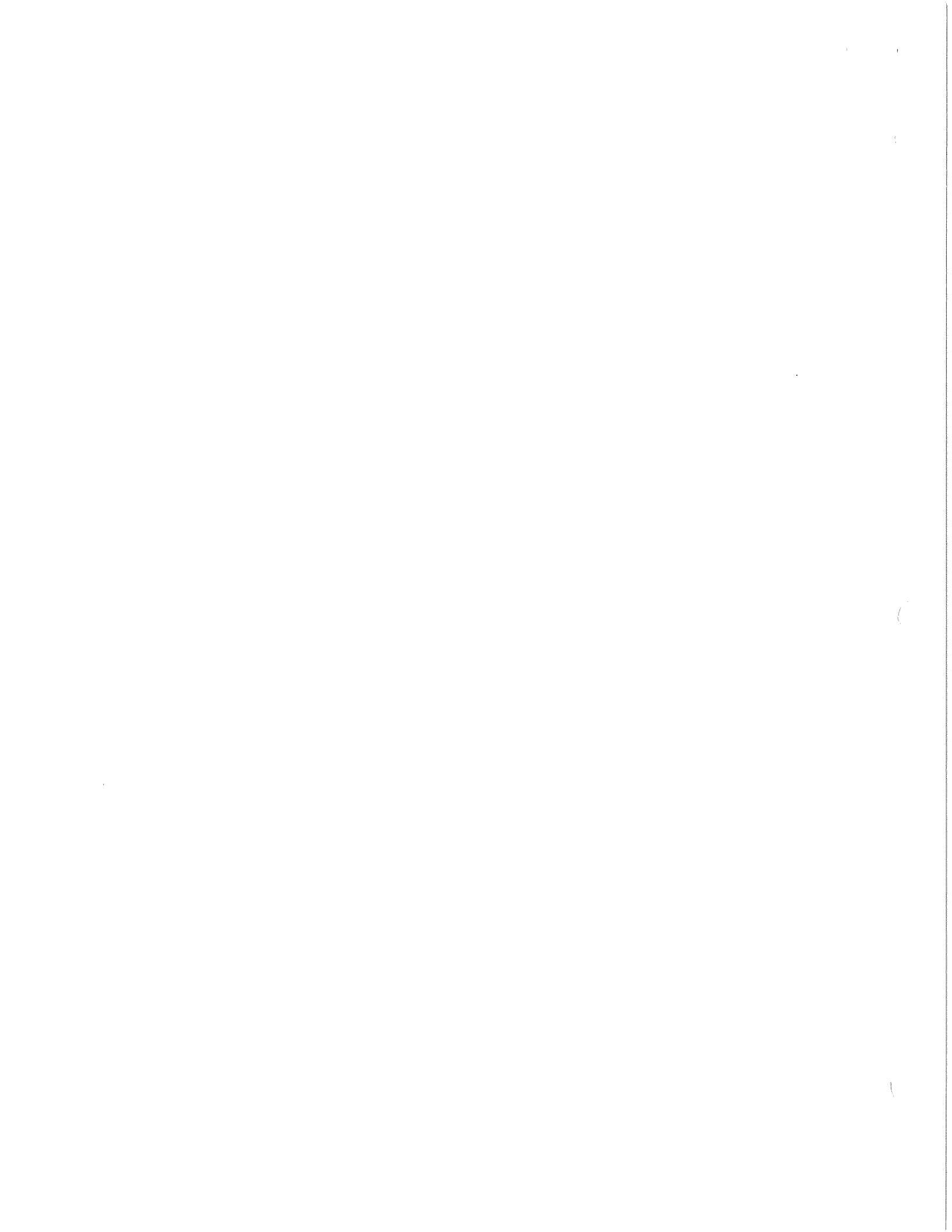
While pupil accounting was not investigated thoroughly, it is understood that Pine Point sends a "list" of names to Park Rapids annually. This list is used to "calculate" average daily membership for state aid purposes. In addition, the AFDC account computed by Park Rapids is based on several assumptions, one of which is that the AFDC for the Pine Point area has the same percentage relationship as found in Red Lake. This may or may not be accurate but it would appear inasmuch as the Department of Welfare has the responsibility for reporting AFDC to the State Department of Education, perhaps the Department of Welfare could be asked to provide a direct AFDC count for Pine Point to make them on the same basis as all other school districts.

Pupil accounting is a key parameter for revenue determination for all Minnesota school districts including Pine Point. State Aids makes up approximately 70% of the total revenue for Pine Point. The lack of an audited, authenticated, ADM count would appear to be an issue or consideration for Pine Point.

I. Legal Compliance

Inasmuch as there has been few if any visitations, or any particular examination for legal compliance other than performed by the auditor, it is unknown whether the Pine Point fiscal management complies with all legal requirements. The only exception noted was the recommended transfer by the auditor from general fund to the capital expenditure fund. As indicated previously, this is an alternative but technically is not permitted.

It is obvious that funds have been expended for which there is no current revenue. This is contrary to public policy and whether or not this is illegal is a legal question, not a financial question.



J. Cooperation Coordination with Park Rapids

In 1973, the relationship between the Pine Point Indian community and the Park Rapid's School District was at a very low point and precipitated the 1973 legislation to permit Pine Point to operate a "experimental" school. In that same era, the White Earth Reservation Business Council (RBC) passed a resolution, that has the effect of law, that prohibited any appearance by a Park Rapid's employee or board member on the reservation grounds. The vice-chairman of the board or council at that time was Mr. Jerry Buchanaga, the current Director. Since then, a new superintendent and a new business manager have been employed by Park Rapids. However, even on this late date in July, 1979, a meeting unwittingly was set up that requested that the superintendent and business manager visit with the state department and White Earth, i.e., Pine Point people at Pine Point. The meeting with the Park Rapids people could not be held at Pine Point because of this resolution.

It is also understood that some of the staff members in the discussion with the Department of Personnel were either unaware or had forgotten about the White Earth RDC resolution that prohibited visitations by Park Rapids personnel and that this resolution may be considered to be rescinded in the near future. However, it does demonstrate that whatever communications problems may have existed from 1973 to 1979, that it was exacerbated by the resolution prohibiting even visitations to Pine Point.

The business managers at both Pine Point and Park Rapids are new to their jobs and may effect a relationship that would be helpful to the Pine Point financial management and expenditure control. Mr. Rich Smith of Pine Point indicated a willingness to discuss and work with Mr. Jim Thorne at Park Rapids. Mr. Jim Thorne has experience as a Regional Accounting Coordinator in E/S/V Region I area, which includes Park Rapids. He is an experienced business official, accountant and has worked with a large number of school districts in his role as a Regional Accounting Coordinator. In addition, his most recent employment prior to becoming business manager at Park Rapids was with an accounting/auditing firm. This accounting firm utilized Mr. Thorne's skills in working with a number of systems and accounting problems with the Chippewa and other tribal councils and districts in auditing and accounting. Inasmuch as Mr. Thorne has experience, knowledge and contact with many of the Chippewa and other tribal people and an understanding of the small school districts similar to Pine Point, he may be helpful to the Pine Point people to the extent he has time available.

K. Communication and Coordination with Other Related Agencies and Personnel

While we recognize the need for special relationships between Pine Point, the White Earth RBC and other tribal agencies, the board, administration and business office may be at a disadvantage, partially self-imposed, by a seeming lack of contact with others in like roles in the Minnesota public school system.



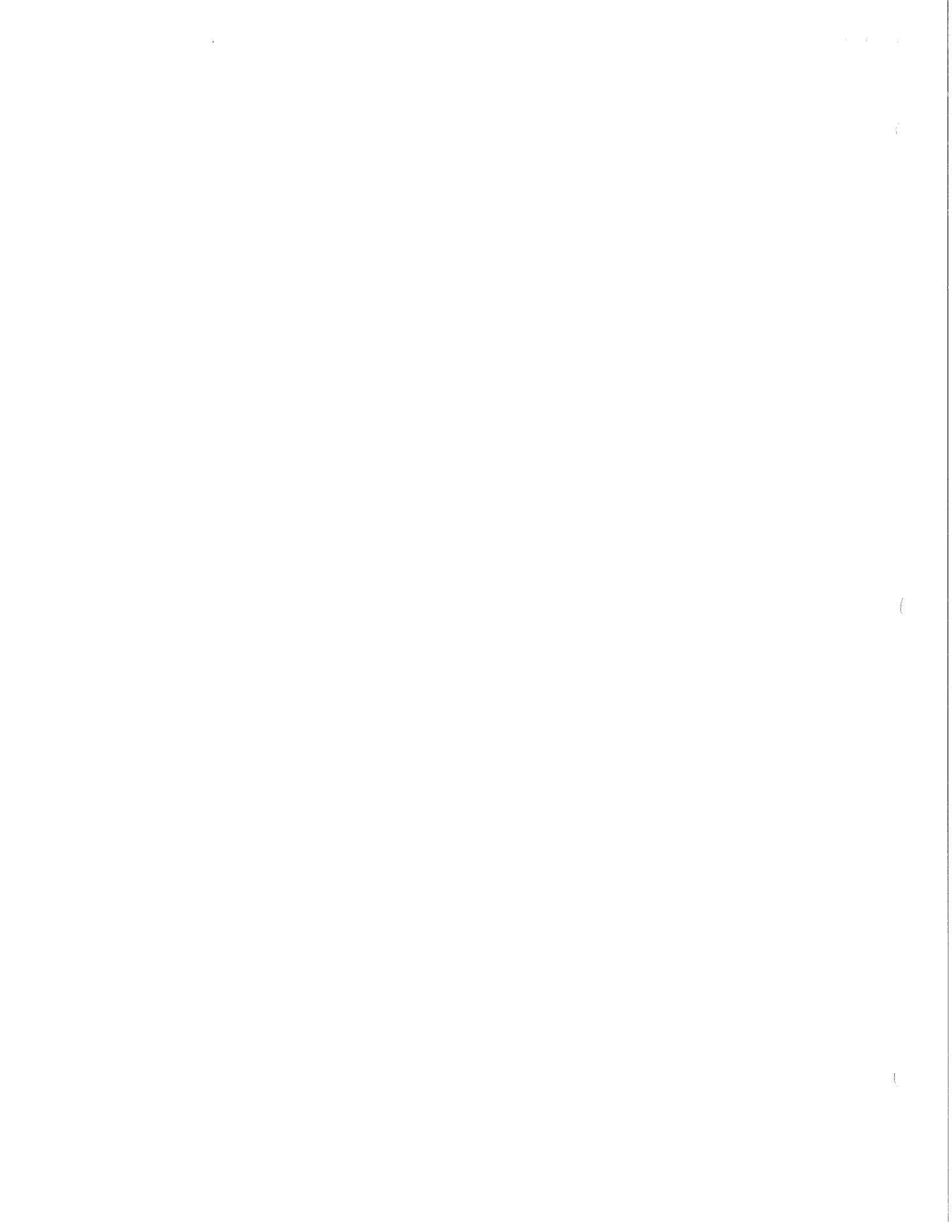
Everyone gains part of the necessary understanding of his or her job, function and role from one's peers in similar jobs, functions and roles. This may be accomplished through participation in common professional organizations, attendance in meetings with common concerns and/or personal visits and personal interchanges.

Although the mission, mode of operation and educational content may be "experimental", the practical aspects of management, direction and conformance to legal requirements of operating a Minnesota school district are not unique.

Additional contact, membership and/or association with other neighboring, regional and state organizations by Pine Point authorities and personnel should be encouraged as such interchange could provide valuable assistance and knowledge to enhance the attainment of the goals of the Pine Point Experimental School District.

In summary, the visit was very successful inasmuch as we believe we opened up communications not only with the Department and some of its staff, but also between Pine Point and Park Rapids. At least we have set the stage for greater understanding and assistance in the future.

Prepared By: Ron Moir 7/17/79



ATTACHMENT 3

Pine Point Indian School - Special Education Services

Special education services have not been provided at the Pine Point School up to this time. However, Ken Litzau, Chairman of the Board, wrote a letter to the PAWN Special Education Cooperative in October 1978 requesting admittance into the Cooperative. His request for membership into the PAWN Special Education Cooperative was denied by the PAWN Board, although they would allow the Pine Point School to purchase administrative and consultation services for one-half day per month at a cost of about \$3,000.

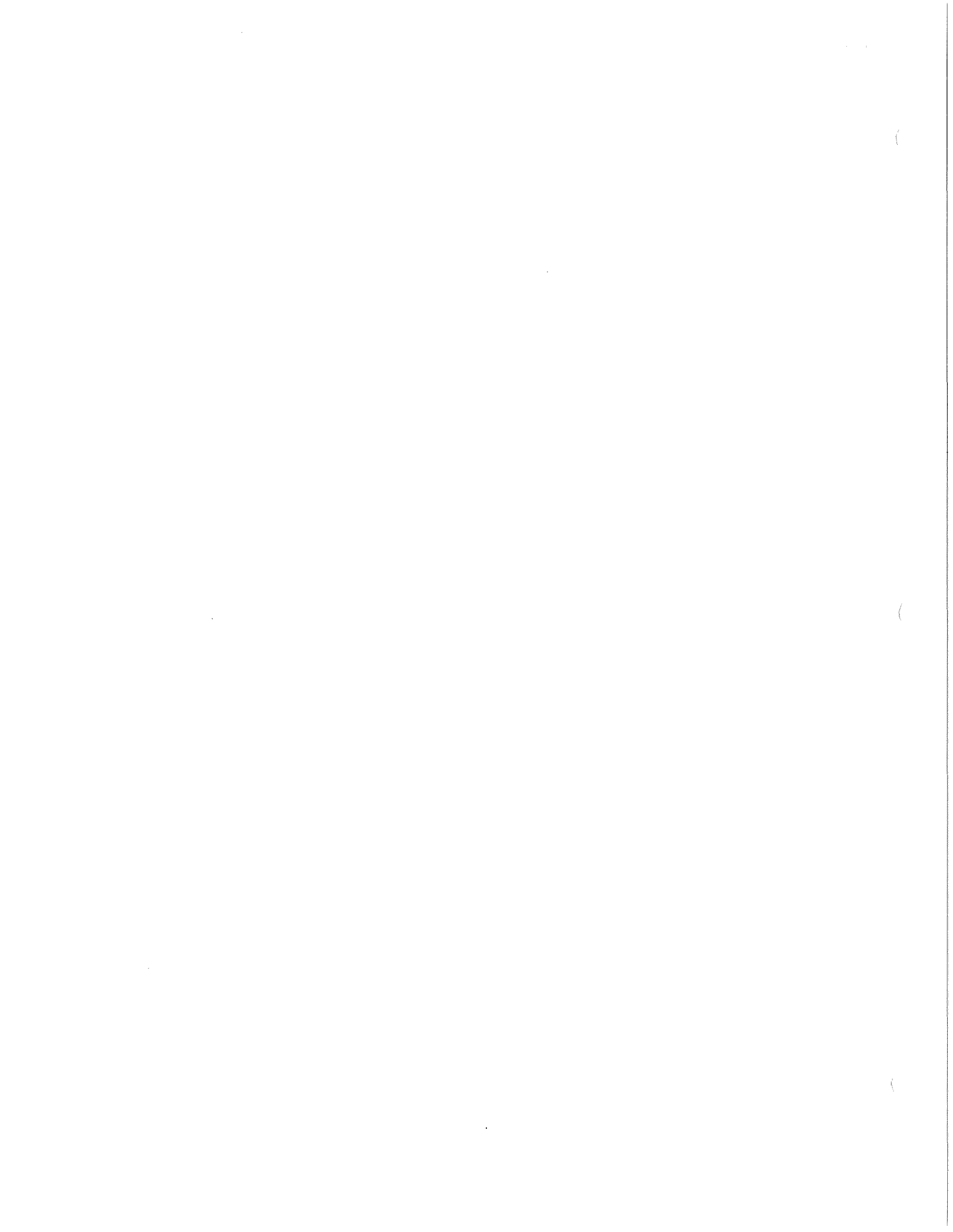
Because of the tight financial situation at the Pine Point School, they could not purchase the services at that time.

As a result of meeting with Ken Litzau, Chairman of Pine Point Board and Dr. Tom Norris, Director of PAWN Cooperative, the following conclusions were reached:

1. A determination must be made of Pine Point's special education needs. They have estimated that 10-15 students may need some type of special education services but no formal assessments have been conducted.

Tom Norris and Ken Litzau have agreed to get together in the immediate future to discuss the possibility of conducting some student assessments yet this summer.

2. It was suggested that once students are identified and IEP's have been written and the student served that PAWN could report these students on the P.L. 94-142 child count. This money (approx. \$168 per child) could be used to help defray the \$3,000 administrative and consultative services that Pine Point would purchase from PAWN.
3. Depending on the number of students identified as needing special education services it may be possible for Pine Point to purchase direct special education service from PAWN Personnel after regular school hours. State special education aids could be used to partially pay these costs.



ATTACHMENT 4

Proposed FY 80 Staffing

