

ONE-ROOM SCHOOLHOUSE SINCE 1910
10488 N. Skeleton Canyon Rd. / **PO Box 16405 Portal, AZ 85632**
Phone/Fax: 520/558-2364 E-mail:**apacheelementary@gmail.com**

Head Teacher: Ms. Loy Guzman **School Board Members:**
Teacher's Assistant: Mr. Frank Zepeda **Frank Krentz, President**
Business Manager: Mrs. Tamara Winkler **Stefanie Krentz, Secretary**
. **Member**

Minutes of the Apache Elementary School Board meeting October 13, 2026

The Apache Elementary School Board met in its regular meeting October 13, 2026. Attending was board members Frank Krentz, and Stefanie Krentz. Head Teacher, Loy Guzman and Tamara Winkler, Business Manager was present at the school.

Preliminary Matter

a) Mr. Krentz called the meeting to order at 5:30 pm.

b) Mr. Krentz asked for a motion to approve board agenda October 13, 2026. Mrs. Krentz made the motion to approve board agenda October 13, 2026 and was seconded by Mr. Krentz and carried unanimously.

c) Mr. Krentz led the group in the Pledge of Allegiance to the flag ofthe United States of America.

d) Mr. Krentz made the motion to approve the board minutes of September 8, 2026. Motion was seconded by Mrs. Krentz and carried unanimously.

II. Reports

a) Head Teacher's Report

•Academic Progress and Reading Assessments: The school entered its second academic quarter during the week of the meeting. Students completed the Move on Reading assessments, with Ms. Guzman reporting that "everyone is on the level they're supposed to be."

• Campus Signage and Community Support: A new permanent sign was installed on the corner of HWY 80 and Skeleton Rd through the assistance of the U.S. Border Patrol out of Hidalgo County (El Paso Sector). The El Paso

Sector featured a photo and caption documenting the personnel working to erect the sign. Ms. Guzman announced plans to draft a formal letter to the Border Patrol expressing gratitude on behalf of the school, parents, and community.

• **Character Education Partnership:** Ms. Guzman enrolled the school in a character curriculum provided by the Honey Foundation, a 501(c)(3) non-profit organization based in Goodyear, Arizona. The organization's mission focuses on instilling kindness in children. The foundation provided two children's books co-authored by the founders, along with wrist bands and kindness tracking logs. Students record personal acts of kindness on their logs (such as opening doors, practicing politeness, or doing chores), which are validated and verified by their parents.

b) Business Manager's Report

Mrs. Winkler presented the financial reports, including cash balances, revenue report, and monthly expenditures. She spoke of Alternate Income Eligibility Documentation: The data is critical because it directly generates an "add-on" weight to the district's baseline funding formula within state budget calculations. Form submissions are also mandatory for calculating the district's E-Rate discount matrix, which provides partial federal subsidies for telecommunication, phone, and internet expenses. The alternate form is designed to be less invasive, presenting an income bracket reference grid where parents simply check whether they qualify under Income Eligibility 1, Income Eligibility 2, or are non-eligible, without documenting detailed personal financial information. Parents are strongly urged to return completed forms promptly to ensure the district captures available budget expansion and maximum E-Rate credits. The board decided to "move to file" financial reports, acknowledging they have seen and understood them without taking action.

c) Governing Board Report

None

III. Public Comments

No public comments.

IV. Approve Consent Agenda

a) Mr. Krentz made the motion to approve the consent agenda, which consisted of Expense Vouchers 2706,2707 & 2708, payroll 6 & 7. Mrs. Krentz seconded the motion and carried unanimously.

Specific Items of District Business

a) **Approval of New Vendor – Connie Ayers:** Connie Ayers is a retired district business manager who operates a specialized school finance consultancy for rural districts experiencing administrative vacancies or technical accounting challenges. Mr. Krentz made the motion approve Connie Ayers as a vendor. Mrs. Krentz second the motion and carried unanimously.

b) **Approval of New Vendor – Steve Truso (A Flame Fire & Safety):** Steve Truso, based out of Sierra Vista, was proposed to service and certify the

campus fire extinguishers. The vendor is certified and currently services neighboring municipal school systems, including Douglas. Mr. Krentz made the motion approve Steve Truso as a vendor. Mrs. Krentz second the motion and carried unanimously.

c) **Trust policies review, vote to accept changes and sign document:** The Trust issued updated policy manuals reflecting required compliance edits established by the Arizona Auditor General's Office. The administration performed a preliminary line-by-line review, incorporated localized adjustments, and submitted revisions back to the Trust for standardized formatting. Revisions encompassed updated verbiage within Policy 1, Policy 2, Policy 3, and Policy 4. Mr. Krentz made the motion to approve the updated Trust polices 1, 2, 3, and 4. Mrs. Krentz second the motion and carried unanimously. Mr. Krentz made a second motion to move and pass the Apache Elementary School District 42 of Cochise County, Arizona Resolution. Mrs. Krentz second the motion and carried unanimously.

d) **Annual Conflict of Interest Training Review:** Ms. Guzman conducted its mandatory annual statutory review presentation regarding ethics and conflicts of interest pursuant to A.R.S. § 38-503. • **Purpose and Scope:** The primary statutory intent is to eliminate personal financial influence, direct economic advantage, or the appearance of personal bias from school district operational and governance decisions. Applicable across all governing board members, chief administrators, instructional staff, and support personnel. Conflict of Interest forms were signed and dated.

e) **Performance Audit Findings and Legal Counsel Consultations:** (findings were read out loud)
• On October 1, 2024, the administration held a legal consultation with school district legal counsel Denise Lowell-Britt to review findings set forth in Auditor General Performance Audit Report No. 26-203.

f) **Audit Finding 3 / Recommendation 10 – Employee Fringe Benefits and State Gift Clause:** (findings were read out loud) The Auditor General cited the district for providing fringe benefits without explicit employment contract stipulations or standalone board approval votes, specifically: **1. Head Teacher/Superintendent's** rent-free occupancy of the on-campus district teacherage facility. **2. Business Manager's** 50% monthly cost reimbursement for home phone and internet services. Administration and legal counsel evaluated whether these arrangements constituted an unconstitutional gift of public funds.
Teacherage Findings: The rent-free occupancy clause was inadvertently omitted from Ms. Guzman's written employment contract when administrative and instructional salaries were separated into split contract templates. Campus housing provides substantial reciprocal value to the district, including physical site security, continuous emergency response presence, and operational oversight. The district derived material benefit and never intended to seek rental income from the facility.
Telecommunications Findings: The Business Manager operates remotely with her primary physical workstation located at her residence. The district reimburses 50% of documented monthly invoices against itemized receipts. Reliable telecommunications are essential to execute county accounting reconciliations, state reporting, and daily fiscal operations, delivering direct and measurable public benefit.

Formal Conclusion: In consultation with counsel, the board determined that neither arrangement constituted a violation of the Arizona Gift Clause, as the district received direct, tangible, and proportional consideration. Contracts for FY 2026–2027 have been revised to explicitly incorporate both provisions.
Board Action: Mr. Krentz made the motion that no unconstitutional gift occurred and formally resolved not to seek financial repayment from Loy Ann Guzman or Tamara Winkler. Mrs. Krentz second the motion and carried unanimously.

g) **Audit Finding 2 / Recommendation 6 – Student Transportation Mileage Overpayments**: (findings were read out loud) The Auditor General cited the district for paying parent transportation reimbursements without verifying route eligibility and accurate mileage logs. The district re-verified routes by physically driving the bus route down Killian Road with transportation personnel, maintaining that original calculations were grounded in actual driven miles; however, the Auditor General applied three alternative theoretical mileage models and demanded corrective action.
The Auditor General identified overpayments across three families:
Parent #1: Assessed overpayment balance of $124.00.
Parent #2: Assessed overpayment balance of $667.99.
Parent #3: Assessed overpayment balance of $4,685.00 (incurred because the student resided out-of-state in New Mexico).
Legal counsel recommended that the board formally authorize demand letters to recover these public funds to avoid violating the Arizona State Constitution's Gift Clause. Standard demand notice for the two in-state families (Parents #1 & 2). Specialized legal demand notice for the out-of-state parent (Parent #3) reflecting statutory non-eligibility. All recovery letters must be dispatched via First Class Mail, Certificate of Mailing, and Certified Mail with Return Receipt Requested.
Out-of-State Student Enrollment: To prevent future audit exceptions regarding students residing across state lines, the Cochise County Superintendent is working on creating an Intergovernmental Agreement (IGA) template. The district identified Animas Public Schools in Animas, New Mexico, as a prospective reciprocal partner if the board pursues interstate enrollment in subsequent years.
Board Action: Mr. Krentz made the motion to mail the letters to the 3 parents as per the Legal counsel recommendation. The motion was seconded by Mrs. Krentz and carried unanimously. ***The governing board officially moved, seconded, and voted unanimously to approve mailing the formal restitution demand letters as recommended by legal counsel.***

h) **Monthly interest reallocation:** Mr. Krentz made the motion to direct the Business Manager to post all Fund 001 interest back into Fund 001, and to allocate 100% of Fund 100 monthly interest into the Teacherage Fund until the cash balance reaches an exact threshold of $10,000.00. Upon attaining the $10,000.00 reserve ceiling, the administration and business manager must bring the allocation back to the board to determine subsequent interest distributions. The motion was seconded by Mrs. Krentz and carried unanimously.

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i) **Annual Financial Report 2026:** Mrs. Winkler presented the AFR to the board The AFR was fully cross-referenced against the accounting software data and reconciled with the Cochise County Superintendent's Office and the County Treasurer. Mr. Krentz made the motion to approve and adopt the 2025–2026 Annual Financial Report as presented. The motion was seconded by Mrs. Krentz and carried unanimously.

Request for future agenda items:

- **Next board meeting November 10, 2026**

V. Adjournment

School board meeting adjoined at 6:34 pm

This draft respectfully submitted October 16, 2026,
By Head Teacher/Admin, Loy Ann Guzman

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