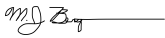


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 3, 2021

MEMORANDUM

To: Mr. Daniel K. Marella, Associate Superintendent, Office of Finance

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Fiscal Year 2021 Cell Tower Revenue Distribution

In November 1997, the Board of Education adopted Policy ECN, *Telecommunications Transmission Facilities*, to establish criteria for evaluating applications to place private telecommunications transmission facilities at schools. A formula was then developed to share the lease revenue that would be collected by Montgomery County Public Schools (MCPS) in connection with telecommunication towers located at schools. This formula provided for one-third of the revenue to be distributed to the host school, one-third to be distributed to the other schools in the cluster, and the final third to be retained within the Real Estate Management Enterprise Fund. The Internal Audit Unit conducted an audit of the Fiscal Year (FY) 2021 revenue distribution to MCPS schools to determine compliance with the sharing formula and accounting for the funds.

On January 27, 2021, Ms. Adrienne L. Karamihas, director, Division of Capital Planning/Real Estate, Department of Facilities Management, provided the attached memorandum to the MCPS Division of Controller (DOC) requesting distribution of the \$466,947.19 annual cell tower revenue to 50 schools according to a list of revenue sharing payments. Ms. Karamihas also provided an individual memorandum notification to each of the 50 school principals informing them of the share of cell tower revenue that they would be receiving. Six of the 50 schools received two payments, one for their school and the other for them to distribute to their consortia schools.

The DOC recorded the revenue distribution in the MCPS Business Hub effective February 5, 2021, and processed the revenue for deposit via the Automated Clearing House (ACH) electronic network for financial transactions directly into each of the 50 school's respective Independent Activity Fund (IAF) checking accounts. School financial agents, in turn, were to confirm with their respective bank that the ACH revenue had been credited to their checking account, and then record the revenue into their school's checking account, number 9920.0000, and cell tower commission account, number 0100.0000, within the School Funds Online (SFO) IAF accounting software. The six schools receiving two payments were to then write checks to their consortia schools for distribution of their share of the cell tower revenue using the funds of the second payment (refer to the attachment).

We noted the following transactions pertaining to the cell tower revenue distribution process:

- Business Hub recorded 56 (50 + 6 second payments to consortia schools) ACH payments on 02/05/2121 totaling \$466,947.19.
- The first ACH revenue receipts were recorded in SFO on 02/08/21 as 02/05/21 was a Friday.
- The last ACH revenue receipt was recorded in SFO on 03/19/2021 by a school administrative secretary in an elementary school.
- Check payments were received by 48 schools.
- The first checks were written for distribution to consortia schools on 02/08/2021.
- The first check revenue receipts were recorded in SFO on 02/12/2021.
- The last checks were written for distribution to consortia schools on 03/16/2021.
- The last check revenue receipt was recorded in SFO on 04/15/2021.

February 8, 2021, was the latest date that a bank processed the ACH payment to credit a school's checking account with the cell tower revenue. Of the 50 ACH payments, 41 of them, or 82 percent, were recorded in SFO after February 8th, and 34 of those 41 were not recorded until March 2021. It appears that the financial agents at the 41 schools who recorded their ACH receipt after February 8th waited until receiving their February bank statement before recording the revenue in SFO. Many of the elementary schools waited until their visiting bookkeeper arrived and allowed them to enter the ACH in SFO. This practice does not provide the principal with the most current information for decision making, especially considering that cell tower commission revenue is not student-generated, allowing these funds to be used for activities such as staff development.

As of April 15, 2021, the total amount of \$466,947.19 for the FY 2021 cell tower revenue distribution has been reconciled with the Business Hub and SFO accounting records. No response to this audit report is required.

MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mr. Adams

Ms. Karamihas

Mr. Lawrence

Mr. Daniel K. Marella

3

May 3, 2021

Mrs. Chen
Mr. Klausling
Mr. Reilly
Mr. Tallur
Ms. Webb

Division of Capital Planning and Real Estate
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

January 27, 2021

MEMORANDUM

To: Susan B. Chen, Controller
Division of Controller

From: Adrienne L. Karamihas, Director AK

Subject: Fiscal Year 2021 Telecommunications Tower Revenue-sharing Distribution Request

This memo is to request the Division of Controller distribute the annual cell tower revenue share amounts to affiliate schools. The Board of Education adopted Policy ECN, *Telecommunications Transmission Facilities*, in November 1997, to establish criteria for evaluating applications to place private telecommunications transmission facilities at schools. At that time, the Board of Education directed the superintendent of schools to develop an equitable method to share the lease revenue collected by Montgomery County Public Schools regarding the telecommunication towers located at schools. Subsequently, the superintendent of schools approved a sharing formula that provided for one-third of the revenue be distributed to the host school, one-third of the revenue be distributed to the other schools in the cluster, and the final one-third of the revenue be retained in the Real Estate Management Enterprise Fund.

In 2004, the superintendent of schools agreed to a formula modification to address the distribution among consortia schools. An excerpt of the approved recommendation appears below:

The work group recommended that the principal of the school with a cellular monopole on its site be given the responsibility to distribute one-third of the rent to support schools whose students primarily attend the school with the monopole. If, at the discretion of the principal, funds are available for grants to other schools within the consortia, these funds could be allocated to those schools as well.

In compliance with Policy ECN, *Telecommunications Transmission Facilities*, and the superintendent of school's direction, I am attaching a list of payment requests to schools, totaling \$466,947.19, that can be credited to each school's Independent Activity Fund account. The list includes the consortia supplier's number twice, reflecting the intent that one payment is to be retained by the host school and the other payment is to be distributed by the host school's principal to the schools they serve. Please relay the amounts to the consortia schools as separate remittances. The payments are to be charged against account number 12.85001.00000.000.10.504048. Each school will be notified of the upcoming distribution.

Thank you for processing this request.

ALK:jb

Attachment

Copy to:
Ms. McGuire
Mrs. Bergstresser
Mr. Lawrence

Montgomery County Public Schools
FY2021 School Revenue Share Distribution Schedule
January 27, 2021

Location Code	MCPS Business HUB Supplier#	Consortium Schools:	FY2021 Award
321	204720	Blake High School	\$ 12,729.57
321	204720	Northeast Consortium	12,729.57
789	219464	Einstein High School	26,745.97
789	219464	DownCounty Consortium	26,745.97
815	210300	Kennedy High School	12,902.21
815	210300	DownCounty Consortium	12,902.21
796	212394	Northwood High School	23,577.91
796	212394	DownCounty Consortium	23,577.91
798	203385	Springbrook High School	21,809.85
798	203385	Northeast Consortium	21,809.85
782	218708	Wheaton High School	14,342.06
782	218708	DownCounty Consortium	14,342.06
Location Code	MCPS Business HUB Supplier#	Cluster Schools:	FY2021 Award
111	207355	Daly Elementary School	\$ 11,960.20
249	205206	Clarksburg High School	1,594.70
345	292357	Hallie Wells Middle School	797.35
707	217144	Rocky Hill Middle School	1,594.70
703	209339	Cedar Grove Elementary School	797.35
101	221068	Clarksburg Elementary School	1,594.70
106	208410	Fox Chapel Elementary School	1,594.70
337	263677	Gibbs Elementary School	797.35
336	207219	Little Bennett Elementary School	1,594.70
347	306889	Snowden Farm Elementary School	797.35
341	283374	Wilson Wims Elementary School	797.35
510	215850	Magruder High School	11,889.47
562	212478	Redland Middle School	1,486.18
521	214378	Shady Grove Middle School	1,486.18
508	220317	Candlewood Elementary School	1,486.18
511	209471	Cashell Elementary School	1,486.18
549	203340	Flower Hill Elementary School	1,486.18
556	211001	Mill Creek Towne Elementary School	1,486.18
514	218310	Resnik Elementary School	1,486.18
565	211780	Sequoyah Elementary School	1,486.18
503	208979	Sherwood High School	41,556.04
507	204991	Farquhar Middle School	5,936.58
155	208970	Rosa Parks Middle School	5,936.58
513	214876	Belmont Elementary School	5,936.58
518	201449	Brooke Grove Elementary School	5,936.58
512	203001	Greenwood Elementary School	5,936.58
502	218192	Olney Elementary School	5,936.58
501	217173	Sherwood Elementary School	5,936.58
232	206133	Tilden Middle School	24,174.22
424	202879	Walter Johnson High School	3,021.78
413	209885	North Bethesda Middle School	3,021.78
425	211967	Ashburton Elementary School	3,021.78
219	211278	Farmland Elementary School	3,021.78
204	216347	Garrett Park Elementary School	3,021.78
783	219030	Kensington Parkwood Elementary School	3,021.78
220	215495	Luxmanor Elementary School	3,021.78
422	205226	Wyngate Elementary School	3,021.78
545	213431	Watkins Mill High School	31,786.09
557	208166	Montgomery Village Middle School	5,779.28
115	216488	Neelsville Middle School	2,889.64
564	203090	South Lake Elementary School	5,779.28
568	200661	Stedwick Elementary School	5,779.28
561	216116	Watkins Mill Elementary School	5,779.28
558	213361	Whetstone Elementary School	5,779.28
		Totals	\$ 466,947.19