


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 14, 2019

MEMORANDUM

To: Ms. Nicola Diamond, Chief Financial Officer

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Fiscal Year 2019 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) 2019 revenue distribution to MCPS schools to determine compliance with the sharing formula and accounting for the funds.

On November 20, 2018, Mr. James C. Song, director, Department of Facilities Management, provided a memorandum to the MCPS Division of Controller (DOC) requesting distribution of the \$539,841.99 annual cell tower revenue to 49 schools according to a list of revenue sharing payments (refer to Attachment A). Mr. Song also provided individual memorandum notification to each of the 49 school principals informing them of their share of cell tower revenue that they would be receiving. Six of the forty-nine 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 Financial Management System (FMS) effective December 1, 2018, and processed the revenue for deposit via the Automated Clearing House (ACH) electronic network for financial transactions directly into each of the 49 school's respective IAF checking account. School financial agents, in turn, would 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 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 Attachment B).

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

- FMS recorded 56 (50 + 6 second payments to consortia schools) ACH payments on 12/1/2018 totaling \$539,841.99.
- Neelsville Middle School received two ACH payments by virtue of its location within two clusters.
- The first ACH revenue receipts were recorded in SFO on 12/7/2018.
- The last ACH revenue receipt was recorded in SFO on 1/17/2019.
- Check payments were received by 48 schools.
- The first checks were written for distribution to consortia schools on 12/12/2018.
- The first check revenue receipts were recorded in SFO on 12/17/2018.
- The last checks were written for distribution to consortia schools on 01/03/2019.
- The last check revenue receipt was recorded in SFO on 1/24/2019.

December 11, 2018, 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, 35 of them, or 70 percent, were recorded in SFO after December 11, and 20 of those 35 were not recorded until into January. It appears that the financial agents at the 35 schools who recorded their ACH receipt after December 11 waited until receiving their December bank statement before recording the revenue 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 January 24, 2019, the total amount of \$539,841.99 for the FY 2019 cell tower revenue distribution has reconciled with the FMS and SFO accounting records. We appreciate the cooperation and assistance of Mrs. Jill S. Barnes, fiscal assistant, Real Estate Management Team. No response to this audit report is required.

RWP:ish

Attachments

Copy to:


| | |
|-----------------------------------|------------|
| Members of the Board of Education | Mr. Song |
| Dr. Smith | Mr. Tallur |
| Dr. Navarro | Ms. Webb |
| Dr. Statham | |
| Dr. Zuckerman | |
| Mr. Civin | |
| Dr. Johnson | |
| Mrs. Barnes | |
| Mrs. Camp | |
| Mrs. Chen | |
| Mr. Reilly | |

Department of Facilities Management
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 20, 2018

MEMORANDUM

To: Mrs. Susan B. Chen, Controller
Division of Controller

From: James Song, Director 

Subject: FY209 Telecommunications Tower Revenue Sharing Payment Request

This is to request the Division of Controller distribute the annual cell tower revenue share payments to participating 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 way to share the lease revenue collected by Montgomery County Public Schools in connection with telecommunication towers at schools. Subsequently, the superintendent of schools approved a sharing formula which 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.

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 and the superintendent of school's direction, I am attaching a list of payment requests to schools totaling \$539,841.99 to be credited to each school's Independent Activity Fund account. The list includes the supplier number twice, reflecting the one-third payment to the host school and the one-third payment to be distributed by the principal. Please relay the amounts to the consortia schools as separate remittances. The payments are to be charged against account number 12.85001.000.10.504048. Each school will be notified of the upcoming distribution.

Thank you in advance for processing this request.

JS:jb

Attachment

Copy to:
Dr. Zuckerman
Mr. Geiling
Mr. Lawrence
✓ Mr. Pisha

Montgomery County Public Schools
 FY2019 School Revenue Share Distribution Schedule
 November 20, 2018

| Location Code | Supplier # | School | FY2019 Award |
|---------------|------------|---|----------------------|
| | | Consortium Schools: | |
| 321 | 204720 | Blake High School | \$ 20,498.80 |
| 321 | 204720 | Blake HS for Northeast Consortium | 20,498.80 |
| 789 | 219464 | Einstein High School | 25,329.58 |
| 789 | 219464 | Einstein HS for DownCounty Consortium | 25,329.58 |
| 815 | 210300 | Kennedy High School | 21,393.19 |
| 815 | 210300 | Kennedy HS for DownCounty Consortium | 21,393.19 |
| 796 | 212394 | Northwood High School | 31,815.68 |
| 796 | 212394 | Northwood HS for DownCounty Consortium | 31,815.68 |
| 798 | 203385 | Springbrook High School | 20,444.74 |
| 798 | 203385 | Springbrook HS for Northeast Consortium | 20,444.74 |
| 782 | 218708 | Wheaton High School | 31,938.93 |
| 782 | 218708 | Wheaton HS for DownCounty Consortium | 31,938.93 |
| | | Cluster Schools: | |
| 425 | 211967 | Ashburton Elementary School | \$ 2,876.18 |
| 513 | 214876 | Belmont Elementary School | 7,092.46 |
| 518 | 201449 | Brooke Grove Elementary School | 7,092.46 |
| 508 | 220317 | Candlewood Elementary School | 1,414.57 |
| 511 | 209471 | Cashell Elementary School | 1,414.57 |
| 703 | 209339 | Cedar Grove Elementary School | 758.63 |
| 101 | 221068 | Clarksburg Elementary School | 1,517.26 |
| 249 | 205206 | Clarksburg High School | 1,517.26 |
| 111 | 207355 | Daly Elementary School | 11,379.48 |
| 219 | 211278 | Farmland Elementary School | 2,876.18 |
| 507 | 204991 | Farquhar Middle School | 7,092.46 |
| 549 | 203340 | Flower Hill Elementary School | 1,414.57 |
| 106 | 208410 | Fox Chapel Elementary School | 1,517.26 |
| 204 | 216347 | Garrett Park Elementary School | 2,876.18 |
| 337 | 263677 | Gibbs Elementary School | 1,517.26 |
| 512 | 203001 | Greenwood Elementary School | 7,092.46 |
| 345 | 292357 | Hallie Wells Middle School | 758.63 |
| 783 | 219030 | Kensington Parkwood Elementary School | 2,876.18 |
| 336 | 207219 | Little Bennett Elementary School | 1,517.26 |
| 220 | 215495 | Luxmanor Elementary School | 2,876.18 |
| 510 | 215850 | Magruder High School | 11,316.57 |
| 556 | 211001 | Mill Creek Towne Elementary School | 1,414.57 |
| 557 | 208166 | Montgomery Village Middle School | 4,208.62 |
| 115 | 216488 | Neelsville Middle School | 758.63 |
| 115 | 216488 | Neelsville Middle School | 2,104.31 |
| 413 | 209885 | North Bethesda Middle School | 2,876.18 |
| 502 | 218192 | Olney Elementary School | 7,092.46 |
| 562 | 212478 | Redland Middle School | 1,414.57 |
| 514 | 218310 | Resnik Elementary School | 1,414.57 |
| 707 | 217144 | Rocky Hill Middle School | 758.63 |
| 155 | 208970 | Rosa Parks Middle School | 7,092.46 |
| 565 | 211780 | Sequoyah Elementary School | 1,414.57 |
| 521 | 214378 | Shady Grove Middle School | 1,414.57 |
| 501 | 217173 | Sherwood Elementary School | 7,092.46 |
| 503 | 208979 | Sherwood High School | 49,647.16 |
| 564 | 203090 | South Lake Elementary School | 4,208.62 |
| 568 | 200661 | Stedwick Elementary School | 4,208.62 |
| 232 | 206133 | Tilden Middle School | 23,009.41 |
| 424 | 202879 | Walter Johnson High School | 2,876.18 |
| 561 | 216116 | Watkins Mill Elementary School | 4,208.62 |
| 545 | 213431 | Watkins Mill High School | 23,147.45 |
| 558 | 213361 | Whetstone Elementary School | 4,208.62 |
| 341 | 283374 | Wilson Wims Elementary School | 758.63 |
| 422 | 205226 | Wyngate Elementary School | 2,876.18 |
| | | FY2019 Shared Revenue Total | \$ 539,841.99 |

FY 2019 CELL TOWER COMMISSION REVENUE SHARING

| | <u>Amount</u> | <u>Payment Method</u> |
|-------------------------------------|---------------|---------------------------|
| <u>CLUSTER SCHOOLS</u> | | |
| <u>Captain James Daly ES</u> | \$ 11,379.48 | ACH |
| Clarksburg ES | \$ 1,517.26 | ACH |
| Little Bennet ES | \$ 1,517.26 | ACH |
| Cedar Grove ES | \$ 758.63 | ACH |
| Clarksburg HS | \$ 1,517.26 | ACH |
| Fox Chapel ES | \$ 1,517.26 | ACH |
| Wilson Wims ES | \$ 758.63 | ACH |
| Rocky Hill MS | \$ 758.63 | ACH |
| Neelsville | \$ 758.63 | ACH |
| Hallie Wells MS | \$ 758.63 | ACH |
| William B Gibbs ES | \$ 1,517.26 | ACH |
| <u>Col Zadok Magruder HS</u> | \$ 11,316.57 | ACH |
| Mill Creek ES | \$ 1,414.57 | ACH |
| Candlewood ES | \$ 1,414.57 | ACH |
| Cashell ES | \$ 1,414.57 | ACH |
| Flower Hill ES | \$ 1,414.57 | ACH |
| Redland MS | \$ 1,414.57 | ACH |
| Judith A Resnik ES | \$ 1,414.57 | ACH |
| Sequoyah ES | \$ 1,414.57 | ACH |
| Shady Grove MS | \$ 1,414.57 | ACH |
| <u>Sherwood HS</u> | \$ 49,647.16 | ACH |
| Olney ES | \$ 7,092.46 | ACH |
| Belmont ES | \$ 7,092.46 | ACH |
| Rosa Parks MS | \$ 7,092.46 | ACH |
| Greenwood ES | \$ 7,092.46 | ACH |
| Sherwood ES | \$ 7,092.46 | ACH |
| William H Farquhar MS | \$ 7,092.46 | ACH |
| Brooke Grove ES | \$ 7,092.46 | ACH |
| <u>Tilden MS</u> | \$ 23,009.41 | ACH |
| Ashburton ES | \$ 2,876.18 | ACH |
| Luxmanor ES | \$ 2,876.18 | ACH |
| Kensington-Parkwood ES | \$ 2,876.18 | ACH |
| North Bethesda MS | \$ 2,876.18 | ACH |
| Walter Johnson HS | \$ 2,876.18 | ACH |
| Wyngate ES | \$ 2,876.18 | ACH |
| Farmland ES | \$ 2,876.18 | ACH |
| Garrett Park ES | \$ 2,876.18 | ACH |
| <u>Watkins Mill HS</u> | \$ 23,147.45 | ACH |
| Whetstone ES | \$ 4,208.62 | ACH |
| Watkins Mill ES | \$ 4,208.62 | ACH |
| Montgomery Village MS | \$ 4,208.62 | ACH |
| Stedwick ES | \$ 4,208.62 | ACH |
| Neelsville MS | \$ 2,104.31 | ACH |
| South Lake ES | \$ 4,208.62 | ACH |

FY 2019 CELL TOWER COMMISSION REVENUE SHARING

| | <u>Amount</u> | <u>Payment Method</u> |
|-------------------------------------|----------------|---------------------------|
| <u>CONSORTIUM SCHOOLS</u> | | |
| <u>James Hubert Blake HS</u> | \$ 20,498.80 | ACH |
| | \$ 20,498.80 | ACH |
| | \$ (17,789.40) | To consortium schools |
| Page ES | \$ 1,976.60 | Check |
| Galway ES | \$ 1,976.60 | Check |
| Cloverly ES | \$ 1,976.60 | Check |
| Greencastle ES | \$ 1,976.60 | Check |
| Fairland ES | \$ 1,976.60 | Check |
| Burtonsville ES | \$ 1,976.60 | Check |
| Stonegate ES | \$ 1,976.60 | Check |
| Banneker MS | \$ 1,976.60 | Check |
| Briggs Chaney MS | \$ 1,976.60 | Check |
| | | |
| <u>Albert Einstein HS</u> | \$ 25,329.58 | ACH |
| | \$ 25,329.58 | ACH |
| | \$ (25,329.58) | To consortium schools |
| Newport Mill MS | \$ 3,166.19 | Check |
| Sligo MS | \$ 3,166.20 | Check |
| Rock View ES | \$ 3,166.19 | Check |
| Glen Haven ES | \$ 3,166.20 | Check |
| Woodlin ES | \$ 3,166.20 | Check |
| Highland ES | \$ 3,166.20 | Check |
| Oakland Terrace ES | \$ 3,166.20 | Check |
| Singer ES | \$ 3,166.20 | Check |
| | | |
| <u>John F Kennedy HS</u> | \$ 21,393.19 | ACH |
| | \$ 21,393.19 | ACH |
| | \$ (21,393.12) | To consortium schools |
| Arcola ES | \$ 2,674.14 | Check |
| Georgian Forest ES | \$ 2,674.14 | Check |
| Glenallan ES | \$ 2,674.14 | Check |
| Kemp Mill ES | \$ 2,674.14 | Check |
| Strathmore ES | \$ 2,674.14 | Check |
| Argyle MS | \$ 2,674.14 | Check |
| Lee MS | \$ 2,674.14 | Check |
| Bel Pre ES | \$ 2,674.14 | Check |
| | | |
| <u>Northwood HS</u> | \$ 31,815.68 | ACH |
| | \$ 31,815.68 | ACH |
| | \$ (31,815.68) | To consortium schools |
| Arcola ES | \$ 4,545.10 | Check |
| Kemp Mill ES | \$ 4,545.10 | Check |
| Highland View ES | \$ 4,545.10 | Check |
| Sligo Creek ES | \$ 4,545.10 | Check |
| Silver Spring MS | \$ 4,545.10 | Check |

FY 2019 CELL TOWER COMMISSION REVENUE SHARING

| | <u>Amount</u> | <u>Payment Method</u> |
|------------------------------|-----------------------------|---------------------------|
| Forest Knolls ES | \$ 4,545.10 | Check |
| Glen Haven ES | \$ 4,545.10 | Check |
| <u>Springbrook HS</u> | \$ 20,444.74 | ACH |
| | \$ 20,444.74 | ACH |
| | \$ (20,444.74) | To consortium schools |
| Broad Acres ES | \$ 2,044.47 | Check |
| Burnt Mills ES | \$ 2,044.47 | Check |
| Cannon Road ES | \$ 2,044.47 | Check |
| Cresthaven ES | \$ 2,044.47 | Check |
| Drew ES | \$ 2,044.47 | Check |
| Jackson Road ES | \$ 2,044.47 | Check |
| Roscoe Nix ES | \$ 2,044.47 | Check |
| Westover ES | \$ 2,044.47 | Check |
| Key MS | \$ 2,044.47 | Check |
| White Oak MS | \$ 2,044.51 | Check |
| <u>Wheaton HS</u> | \$ 31,938.93 | ACH |
| | \$ 31,938.93 | ACH |
| | \$ (31,938.93) | To consortium schools |
| Brookhaven ES | \$ 3,867.36 | Check |
| Harmony Hills ES | \$ 3,867.36 | Check |
| Shriver ES | \$ 3,867.36 | Check |
| Viers Mill ES | \$ 3,867.36 | Check |
| Weller Road ES | \$ 3,867.36 | Check |
| Wheaton Woods ES | \$ 3,867.36 | Check |
| Parkland MS | \$ 3,867.36 | Check |
| Loiderman MS | \$ 3,867.36 | Check |
| Edison HS | \$ 1,000.05 | Check |
| Total Revenue Distribution | <u><u>\$ 539,842.01</u></u> | |

Notes:

97 schools received cell tower revenue.

49 schools received ACH payments:

Blake, Einstein, Kennedy, Northwood, Springbrook, & Wheaton HS received 2.

Neelsville MS received 2.

The 6 high schools receiving two ACH payments distributed IAF checks to 48 feeder schools from proceeds of one of their ACH payments.

Arcola ES, Glen Haven ES, & Kemp Mill ES each received 2 check payments.

Northwood HS added 2 cents to the revenue to give its consortia schools the same amount.