

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

September 30, 2020

MEMORANDUM

To: Mrs. Julia A. Broyles, Chair  
Centralized Investment Fund Advisory Council

From: Mary J. Bergstresser, Supervisor, Internal Audit

Subject: Fiscal Year 2020 Audit of the Centralized Investment Fund



We have audited the accompanying financial statements of the Montgomery County Public Schools (MCPS) Centralized Investment Fund (CIF) for the year ending June 30, 2020 (refer to the attachment). These financial statements are the responsibility of the MCPS CIF management team. The Internal Audit Unit staff has the responsibility of sharing opinions on these financial statements based on the audit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CIF as of June 30, 2020, and the changes in its net assets.

Pertaining to the financial position of the CIF, the ending balance decreased \$8,932 from \$9,983,421 to \$9,974,489, while net interest income decreased \$1,284 from \$121,676 to \$120,390 compared to the previous fiscal year.

The Division of Financial Services staff is responsible for administering the daily functions of maintaining the CIF, in accordance with the established guidelines for the safe and efficient management of its funds in the MCPS Centralized Investment Fund Statement of Investment Policy. The electronic transfer of funds between a school's CIF account and its checking account via the Automated Clearing House (ACH) reduces the workload for financial agents within the schools. MCPS continues to partner with Sandy Spring Bank to manage the investment of the CIF assets. Interest income and expenses are allocated to schools based on the average daily balance in the individual school's CIF account. Expenses allocated include administrative salaries, associated fringe benefits, and bank analysis fees.

At our September 17, 2020, virtual meeting with you and the CIF advisory council, we discussed a few issues that did not represent material internal control weaknesses. We appreciate the cooperation and assistance of you and staff in the Division of Financial Services including Mr. Robert Reilly, director; and Mrs. Sheila M. Shifflett, staff accountant; and Ms. Susan Lau, senior investment officer from the Division of Investments. No response to this audit report is necessary.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Johnson

Dr. Wilson

Mrs. Ahn

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Reilly

Mr. Tallur

Ms. Webb

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**CENTRALIZED INVESTMENT FUND**  
**STATEMENT OF ASSETS AND LIABILITIES-**  
**AGENCY FUND**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS:</b>	<b>2020</b>	<b>2019</b>
Cash and investments:		
Sandy Spring Bank-Escrow	\$ 9,973,447	\$ 9,982,335
Sandy Spring Bank-Checking	1,042	1,086
Accounts Receivables-Bank Credit		
Total	\$ 9,974,489	\$ 9,983,421

**LIABILITIES**

Accounts Payables for salary expenses	\$ 1,042	\$ 1,086
Due to school groups	9,973,447	9,982,335
Total	\$ 9,974,489	\$ 9,983,421

MONTGOMERY COUNTY PUBLIC SCHOOLS  
CENTRALIZED INVESTMENT FUND  
SUPPLEMENTAL INFORMATION  
FOR THE FISCAL YEARS ENDING  
JUNE 30, 2020 AND 2019

<b><u>SOURCE OF INCOME</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Sandy Spring National Bank--Interest	\$ 125,010	\$ 126,599
Total	\$ 125,010	\$ 126,599
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<b><u>CHARGES TO INCOME</u></b>		
Contractual Services	\$ 4,204	\$ 4,439
Sandy Spring Bank Fees	417	484
Total	\$ 4,620	\$ 4,923
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<b><u>NET INTEREST INCOME</u></b>	<b><u>\$ 120,390</u></b>	<b><u>\$ 121,676</u></b>



FY 2020		
Month	Interest	Interest rate
July	\$ 11,807.52	1.40%
August	\$ 11,719.47	1.40%
September	\$ 11,241.29	1.40%
<b>1st Qtr</b>	<b>\$ 34,768.28</b>	
October	\$ 11,747.51	1.40%
November	\$ 11,871.53	1.40%
December	\$ 13,764.47	1.40%
<b>2nd Qtr</b>	<b>\$ 37,383.51</b>	
January	\$ 14,530.68	1.40%
February	\$ 13,763.43	1.40%
March	\$ 10,904.47	1.04%
<b>3rd Qtr</b>	<b>\$ 39,198.58</b>	
April	\$ 6,061.13	0.60%
May	\$ 3,994.95	0.40%
June	\$ 3,603.40	0.40%
<b>4th Qtr</b>	<b>\$ 13,659.48</b>	
<b>FY20 Totals</b>	<b>\$ 125,009.85</b>	

Comparative Analysis of Deposit and Withdrawals		
FY 2020 vs FY2019		
Number of deposits in FY2019 = 61	Total =	\$ 2,000,072.72
Number of deposits in FY2020 = 57	Total =	\$ 3,814,717.96
Increase/(Decrease) in deposit total amount FY20 vs. FY19		\$1,814,645.24

Number of withdrawals in FY2019 = 60	\$ 2,461,380.85
Number of withdrawals in FY2020 = 78	\$ 3,943,537.94
Increase / (Decrease) in withdrawal amounts FY20 vs. FY19	\$ 1,482,157.09

Escrow Management Account Ending Balance June 2019	\$ 9,982,335
Escrow Management Account Ending Balance June 2020	\$ 9,973,448
Change in Balance	\$ (8,887.36)

Commercial Checking Account Ending Balance June 2019	\$ 1,086
Commercial Checking Account Ending Balance June 2020	\$ 1,042
Change in Balance	\$ (44)

Montgomery County Public Schools  
Internal Audit Unit

FY 2019-20 CIF Percentage of Income Used to Cover Expenses

	First QTR July 1, 2019 through Sept. 30, 2019	Second QTR Oct. 1, 2019 through Dec. 31, 2019	Third QTR Jan. 1, 2020 through March 31, 2020	Fourth QTR 1-Apr-20 through 30-Jun-20	Fiscal Year 2020 July 1, 2020 through June 30, 2020	Fiscal Year 2019 July 1, 2018 through June 30, 2019	FY20 vs. FY19 Change
Total Interest Income	\$ 34,768	\$ 37,384	\$ 39,199	\$ 13,659	\$ 125,010	\$ 126,599	\$ (1,589)
Total Salary and Fringe Expense	\$ 1,026	\$ 987	\$ 1,150	\$ 1,041	\$ 4,204	\$ 4,439	\$ (235)
Total Bank Charge	\$ 108	\$ 99	\$ 111	\$ 99	\$ 417	\$ 484	\$ (67)
Percentage of interest earned needed to cover expenses	0.31%	0.26%	0.28%	0.72%	0.33%	0.38%	-0.05%

<b>FY2020</b>	Salary	Fringe	Total Expense
July	\$ 246.93	\$ 118.28	\$ 365.21
August	\$ 199.59	\$ 95.60	\$ 295.19
September	\$ 246.93	\$ 118.28	\$ 365.21
<b>1st Qtr</b>	<b>\$ 693.45</b>	<b>\$ 332.16</b>	<b>\$ 1,025.61</b>
October	\$ 215.37	\$ 103.16	\$ 318.53
November	\$ 210.11	\$ 100.64	\$ 310.75
December	\$ 241.67	\$ 115.76	\$ 357.43
<b>2nd Qtr</b>	<b>\$ 667.15</b>	<b>\$ 319.56</b>	<b>\$ 986.71</b>
January	\$ 294.27	\$ 140.95	\$ 435.22
February	\$ 225.89	\$ 108.20	\$ 334.09
March	\$ 257.45	\$ 123.32	\$ 380.77
<b>3rd Qtr</b>	<b>\$ 777.61</b>	<b>\$ 372.47</b>	<b>\$ 1,150.08</b>
April	\$ 168.03	\$ 80.49	\$ 248.52
May	\$ 220.63	\$ 105.68	\$ 326.31
June	\$ 315.31	\$ 151.03	\$ 466.34
<b>4th Qtr</b>	<b>\$ 703.97</b>	<b>\$ 337.20</b>	<b>\$ 1,041.17</b>
<b>FY20 Totals</b>	<b>\$ 2,842.18</b>	<b>\$ 1,361.39</b>	<b>\$ 4,203.57</b>

Source: quarterly salary reimbursements prepared by Sheila Shifflett