


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 27, 2023

MEMORANDUM

To: Mr. M. Brian Hull, Chief Operating Officer

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

Subject: Report on Audit of Fiscal Year 2023 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) 2023 revenue distribution to MCPS schools to determine compliance with the sharing formula and accounting for the funds.

On January 25, 2023, 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 \$441,142.17 annual cell tower revenue to 41 schools according to a list of revenue sharing payments. Ms. Karamihas also provided an individual memorandum notification to each of the 41 school principals informing them of the share of cell tower revenue that they would be receiving. Six of the forty-one 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 January 27, 2023, and processed the revenue for deposit via the Automated Clearing House (ACH) electronic network for financial transactions directly into each of the 41 schools' 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 47 (41 + 6 second payments to consortia schools) ACH payments on 1/27/23 totaling \$441,142.17.
- The first ACH revenue receipts were recorded in SFO on 1/27/23.
- The last ACH revenue receipt was recorded in SFO on 4/19/23 due to a hold being placed on the schools account until updated account information could be received.
- Check payments were received by 51 schools.
- The first checks were written for distribution to consortia schools on 1/30/23.
- The first check revenue receipts were recorded in SFO on 2/2/23.
- The last checks were written for distribution to consortia schools on 2/22/23.
- The last check revenue receipt was recorded in SFO on 3/29/23.
- One school sent a check for \$10.00 more than it should have.

January 30, 2023, 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 41 ACH payments, 16 of them, or 39 percent, were recorded in SFO in January, and 22, or 54 percent, were not recorded until February 2023. There were two schools that did not receive their ACH until mid-February and one school that did not receive until March 30, 2023. It appears that the financial agents at the 22 schools who recorded their ACH receipt in February waited until receiving their January 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 non-student-generated, allowing these funds to be used for activities such as staff development or other school needs.

MCPS currently has 210 schools and only 92, or 43.8 percent, receive any cell tower commissions. A total of 41 schools receive an ACH and 51 schools receive a check from their consortia school. Many schools lack funding sources to support school and student needs and would benefit from receiving additional revenues such as cell tower commissions. We are recommending that the sharing formula developed in 1997 be reevaluated to possibly include additional schools.

As of April 19, 2023, the total amount of \$441,142.17 for the FY 2023 cell tower revenue distribution has been reconciled with the Business Hub and SFO accounting records. No response to this audit report is required.

MJB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Murphy

Ms. Reuben
Mr. Stockton
Mrs. Williams
Mr. Reilly
Mr. Adams
Mrs. Chen
Ms. Karamihas
Mr. Kelley
Mr. Klausling
Mr. Lawrence
Mrs. Ripoli
Ms. Webb

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

January 25, 2023

MEMORANDUM

To: Susan B. Chen, Controller
Division of Controller

From: Adrienne L. Karamihas, Director

Subject: Fiscal Year 2023 Telecommunications Monopole 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 monopoles 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 \$441,142.17 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:

Mrs. Bergstresser

Mr. Lawrence

Montgomery County Public Schools
 FY2023 School Revenue Share Distribution Schedule
 January 25, 2023

Invoice Date 1/25/23
 Invoice #: CELL TOWER REVENUE- JAN FY23
 Acct #: 12.85001.00000.000.10.504048

Location Code	MCPS Business HUB Supplier #	Consortium Schools	FY2023 Award
321	204720	Blake High School	\$ 13,374.01
321	204720	Northeast Consortium	13,374.01
789	219464	Einstein High School	\$ 28,242.23
789	219464	DownCounty Consortium	28,242.23
815	210300	Kennedy High School	\$ 13,894.27
815	210300	DownCounty Consortium	13,894.27
796	212394	Northwood High School	\$ 24,771.55
796	212394	DownCounty Consortium	24,771.55
798	203385	Springbrook High School	\$ 23,296.86
798	203385	Northeast Consortium	23,296.86
782	218708	Wheaton High School	\$ 13,900.66
782	218708	DownCounty Consortium	13,900.66
Location Code	MCPS Business HUB Supplier #	Cluster Schools	FY2023 Award
111	207355	Daly Elementary School	\$ 12,565.69
249	205206	Clarksburg HS	\$1,675.42
345	292357	Hallie Wells MS *	\$ 837.71
707	217144	Rocky Hill MS	\$1,675.42
703	209339	Cedar Grove ES *	\$ 837.71
101	221068	Clarksburg ES *	\$ 837.71
106	208410	Fox Chapel ES	\$1,675.42
337	263677	Gibbs ES *	\$ 837.71
336	207219	Little Bennett ES	\$1,675.42
347	306889	Snowden Farm ES *	\$ 837.71
341	283374	Wilson Wims ES	\$1,675.42
510	215850	Magruder High School	\$ 12,491.38
562	212478	Redland MS	\$1,561.42
521	214378	Shady Grove MS	\$1,561.42
508	220317	Candlewood ES	\$1,561.42
511	209471	Cashell ES	\$1,561.42
549	203340	Flower Hill ES	\$1,561.42
556	211001	Mill Creek Towne ES	\$1,561.42
514	218310	Resnik ES	\$1,561.42
565	211780	Sequoyah ES	\$1,561.42
503	208979	Sherwood HS	\$ 43,954.85
507	204991	Farquhar MS	\$6,279.26
155	208970	Rosa M. Parks MS	\$6,276.75
513	214876	Belmont ES	\$6,276.75
518	201449	Broke Grove ES	\$6,276.75
512	203001	Greenwood ES	\$6,276.75
502	218192	Olney ES	\$6,276.75
501	217173	Sherwood ES	\$6,276.75
545	213431	Watkins Mill HS	\$ 34,087.18
557	208166	Montgomery Village MS	\$6,197.67
115	216488	Neelsville MS *	\$3,098.83
564	203090	South Lake ES	\$6,197.67
568	200661	Stedwick ES	\$6,197.67
561	216116	Watkins Mill ES	\$6,197.67
558	213361	Whetstone ES	\$6,197.67
		Totals	\$ 441,142.17